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U.S. recovery: a case of the jitters, Page 23

NEWS SUMMARY

GENERAL

Officers topple Ríos Montt

General Efrain Rios Montt was toppled as President of Guatemala in a coup backed by officers of all three armed services, in which five people were killed.

Defence Minister General Humberto Mejia Victores replaced him.

No shots were heard in Guatemala City, although warplanes constantly flew over and armoured cars were deployed in the streets.

General Rios Montt came to power in a coup in March last year. Page 24

Jackson campaign

Jesse Jackson, leading black civil rights activist in the U.S., announced that he was forming a campaign organisation to stand for the presidency. Page 6

BBC Belgian deal

British Broadcasting Corporation has agreed to sell its television programmes to Belgian cable TV networks in a deal that should be worth millions of pounds.

Informer hunted

The Provisional IRA is seeking the informer believed to have foiled Sunday's attempted kidnapping of Canadian millionaire Galen Weston in Ireland. One man was charged in Dublin in connection with the attempt.

64 drown in Japan

At least 64 people drowned at the weekend off Japan, where there is a heatwave. An earthquake hit Tokyo yesterday, killing one person and injuring 28.

Pilot questioned

A Chinese pilot who landed his MiG-21 fighter in South Korea was being interrogated by officials, who are likely to allow him to seek asylum in Taiwan.

Boats harassed

South Korean warships fired on or threatened three more Japanese fishing boats after a similar incident on Friday involving two Japanese boats, for which the Seoul Government apologised.

Oil threat lessens

A salvage tug towed the bow of wrecked Spanish supertanker Castillo de Beliver out to sea as favourable winds blew the large oil slick further away from the South African coast, lessening the pollution threat. Page 4

Dutch treasure find

Dutch experts were examining a chest containing nearly 10,000 18th-century gold and silver coins, believed to be the biggest coin treasure found in Dutch waters.

New slant on beauty

Chinese women who want to look more Western can have plastic surgery operations on their eyes for 49 yuan (£29) in Peking and other cities.

Publisher's notice

The Financial Times apologises to its readers and advertisers for its long absence. On June 1, machine managers belonging to the National Graphical Association (NGA) withdrew their labour in pursuit of a pay claim. The dispute was later extended to all NGA employees and prevented publication of both London and Frankfurt editions.

The Financial Times will next week publish two major supplements containing a summary of international and UK business and financial news in the period June 1-August 5.

BUSINESS

Wall St falls back 20.23

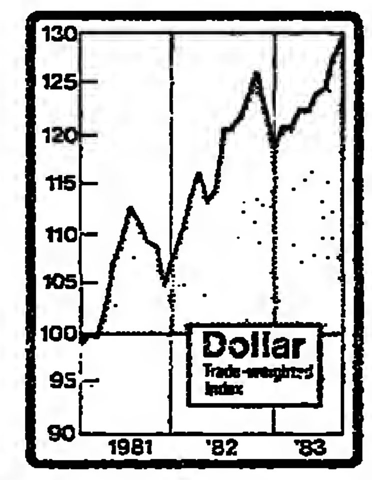
● PRIME RATE rises at most of the leading U.S. banks left shares on Wall Street in decline. The Dow Jones industrial average suffered its largest one-day loss for six weeks when it fell back 20.23 points to close at 1163.06 – its lowest level since mid-April. Page 35.

● UK inflation rate seems likely to ease further following publication of Department of Industry figures showing that the cost of raw materials to industry in July fell by about 0.5 per cent from June. Page 24

● EEC presented the U.S. with a list of tariff concessions sought as compensation for extra U.S. duties on special steel imports. Page 6

● STERLING rose 50 points to $1.4905, and to DM 4.02 (DM 3.9875), FFr 12.095 (FFr 12), SwFr 3.2525 (SwFr 3.2275) and Y364.5 (Y362.5). Its Bank of England trade-weighted index went up from 84.3 to 84.5. Page 43

● DOLLAR rose to DM 2.6965 (DM 2.6825), FFr 8.115 (FFr 8.08), SwFr 2.18 (SwFr 2.171), Y244.3 (Y244). Its trade-weighting was 129.4 (129). Page 43



● GOLD fell $2.5 to $408.625 in London. It closed at $407.25 in Frankfurt, and $407.5 in Zurich. In New York the Comex August settlement was $412 ($413.5). Page 42

● LONDON: FT Industrial Ordinary index eased 1.7 to 721.3. Government Securities showed modest gains. Page 38. FT Share Information service. Pages 40, 41

● TOKYO: Nikkei Dow index was 1.09 down from Saturday's close at 8,960, but the Stock Exchange index was 0.53 up at 659.93. Report Page 35. Leading prices other exchanges, Page 38

● International Markets, Section III, is expanded from today to include a new, exclusive report on Tokyo's equity and bond markets: a daily, comprehensive account of trading on the London Stock Exchange; and full coverage of international capital markets, including the FT international bond service. The FT Unit Trust Information Service, which will appear in this section, will resume publication later this week.

● PORTUGAL has secured a $300m standby loan from the IMF to help with its external payments and foreign debt problems. Page 2

● MEXICAN Government is concerned about slow progress in restructuring $14bn of private sector foreign debt. Page 6

● P & O, the British international shipping group which is fighting a £300m ($447m) takeover bid by Trafalgar House, will this week appoint property and financial group chief Jeffrey Sterling chairman in succession to Lord Inchcape. Page 30

● Full New York and American stock exchange prices were not available for this edition due to technical problems.

U.S. banks raise prime to 11% as $ hits new peaks

BY PAUL TAYLOR IN NEW YORK, STEWART FLEMING IN FRANKFURT AND JEREMY STONE IN LONDON

The major U.S. banks yesterday raised their prime lending rate to first-class corporate borrowers by half a percentage point to 11 per cent – the first general rise for 18 months. This followed fears in international financial markets that an upward trend in interest rates was becoming established.

The dollar continued to advance yesterday against most currencies, even though the change in prime rate had been widely discounted in foreign exchange markets and despite evidence of further substantial selling of dollars by central banks, notably the Bundesbank, in an effort to stem the dollar's rise.

The U.S. currency closed in London at DM 2.6965, its highest against the D-Mark for more than nine years, after trading at more than DM 2.70 during the day. The dollar also closed at a record FFr 8.1150, 3.5 centimes higher than at the London close on Friday. Sterling, however, proved more buoyant than other currencies, closing half a cent higher at $1.4905.

Sterling closed at 84.5 on the Bank of England's trade-weighted index, which measures its value against a basket of currencies. Its strength against the D-Mark in recent weeks was maintained, with a London closing rate of DM 4.02.

The response to the rate rises on Wall Street, which also had to contend with Friday evening's news of a further $1.2bn leap in U.S. money supply, was swift and severe. The Dow Jones industrial average spiralled lower through the day and closed 20.23 down at 1,163.06. Declines were holding sway over advances by a ratio of about five to one.

The selling kept within moderate levels but attempts at a rally met with little success. Credit market yields moved determinedly upward, yet there was little sign of retail interest even at the adjusted levels.

Business in the Far East and much of Europe had closed for the day by the time the prime rate announcements came, but the move had been widely feared, and kept investors to the sidelines in most centres. The Frankfurt bourse succumbed most to these jitters, pulling the Commerzbank index 18 points lower to close at 946.2.

The London market drew comfort from sterling's resilience: the FT Industrial Ordinary index dipped just 1.7 to 721.3.

The move to higher prime rates, which is a response to the sharp increase in other short term U.S. interest rates over the past three months, represents a significant reversal in the pattern of steady decline which began in July last year when the prime stood at 16.5 per cent.

Citibank, the largest U.S. bank in terms of assets, was the first major bank to make the move. It was quickly matched by all the other

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U.S. recovery jitters, Page 23; Editorial comment, Page 22; Lex, Page 24; Money Markets, Page 43; Stock Markets, Pages 35–41

Sri Lanka appeals for aid to bolster economy

BY JOHN ELLIOTT IN COLOMBO

THE GOVERNMENT of Sri Lanka yesterday appealed for international support to bolster the country's faltering economy and alleviate social problems caused by the communal violence and unrest of the past fortnight.

Ambassadors of all countries represented in Colombo, the capital, were last night called to an emergency meeting with senior ministers and asked to provide urgent supplies for 100,000 refugees. A further appeal will be made later for international aid to help the country remain within strict provisional economic guidelines recently negotiated with the International Monetary Fund (IMF).

Mr Ronnie de Mel, Finance Minister, said last night that before the troubles started the IMF had agreed, subject to its board's final approval, to provide Sri Lanka with standby credit of $100m for 18 months. In return, Sri Lanka agreed a 5 per cent devaluation of its currency, implemented in the first week of last month. Then the value of its rupee moved from R23 to the U.S. dollar to R24.30.

Meanwhile, the violence of the last fortnight has stopped, at least for the time being. Streets are being cleared of burned cars and the debris of buildings. The curfew is being eased and repairs are starting to some damaged buildings, but armed troops and police are still patrolling the streets.

Allegations and counter-allegations are being exchanged about who started the riots in which mobs of Sinhalese destroyed homes and businesses owned by Tamils, a minority group whose activists want a separate state in the north of the island.

Yesterday, President J. R. Jayewardene admitted on BBC Radio that there has been a "serious lack of discipline" among Sinhalese troops. He blamed an extreme Sinhalese organisation, the People's Liberation Front, for fomenting the trouble. This was a reaction to allegations that one or two senior members of Mr Jayewardene's own party were partially responsible.

Mr de Mel told the ambassadors last night that industrial damage costing an estimated $90m had been done to Tamil businesses with about 100 individual industrial establishments being affected.

In an interview, he said that 25,000 to 30,000 jobs have been lost immediately. This figure could be considerably higher if the Government's ambitious plans for expanding foreign investment and tourism were permanently hit.

A few days ago, Mr de Mel said that the country's economy had been set back "three to five years." Now that the violence has stopped, he has amended his estimate: "It is a period of one year for rebuilding that we have lost – and then there is the imponderable of investment and tourism," he said yesterday. "Certainly people will delay a little in setting up here. It all depends on our ability to restore confidence."

One reason Mr de Mel is marginally more optimistic is that the country's tea and rubber production has not been hit beyond the loss of one week's output. Construction work on the country's key Mahaweli River hydro project is getting back to normal as Tamil engineers,

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Harvester studies new venture in Europe to aid French unit

BY WILLIAM HALL IN NEW YORK AND DAVID MARSH IN PARIS

INTERNATIONAL Harvester, the financially troubled farm and construction machinery group, is considering plans to dispose of majority control of the bulk of its European operations as part of a financial rescue package for its French subsidiary.

The proposal has been put to Harvester by the French Government, which has been trying to involve Renault, the state-owned motor group, in an emergency financial aid package for Harvester's French operations which are the biggest in Europe.

The French unit, which employs 3,600 people, is in danger of defaulting on loan agreements after the decision by the Banque de France to refuse to renew a credit facility.

Last week, the French Government instructed Harvester to resume contacts with Renault with a view to forming a possible joint venture. It is understood that the talks are aimed at finding a European solution to Harvester's problems rather than a solution for the French operation only.

As part of the deal, it is understood that the French Government is suggesting that Renault, Harvester and Harvester's international lenders each take a one-third stake in a new group combining Harvester's French and German operations.

The two units employ 6,600 out of Harvester's 8,766 workforce in Europe and account for three quarters of the $750m sales forecast for Harvester's European side in the current year.

While the French operation is losing money heavily, the German operations are profitable. At the moment the UK operations of Harvester, which employ 2,173, are not believed to be part of the joint German-French proposal.

The French Government, which hopes to make Renault the pivot of a restructured French farm machinery sector, has been encouraging contacts for several months between Renault, Harvester and Massey-Ferguson, which is also losing money in the agricultural equipment business.

Kenneth Gooding, Motor Industry Correspondent, adds: IH hopes to sell its British truck manufacturing subsidiary, Seddon Atkinson, soon. Talks with several companies, with Enasa, the Pegaso truck producer of Spain, as front runner, are continuing, IH said.

FT loses $15m in 10-week dispute

By Philip Bassett, Labour Correspondent, in London

THE Financial Times resumes publication today after the settlement reached last week of a dispute between the company and members of the National Graphical Association, the craft union in the British printing industry.

A strike by all 270 members employed by St Clements Press, the FT's printing subsidiary, caused the loss of 59 consecutive issues of the newspaper. Production in both London and Frankfurt, apart from one German-produced edition early in the 10-week stoppage, was halted completely.

The strike caused the loss of £10.1m ($15m) in revenue, after taking into account costs saved, including the unpaid wages of the strikers. The final cost may be less if revenue returns from advertisements not placed elsewhere during the stoppage.

The NGA strikers lost collectively about £1.1m in wages, and the union itself had to pay out more than £100,000 in dispute benefit.

Since the deal was struck last week with the help of Advisory, Conciliation and Arbitration Service, the FT has been sharply criticised for yielding to the NGA a two-part £13 increase in the weekly rate laid down by a mediator appointed during the dispute, Mr Andy Kerr.

However, the company insists that the deal is still within the terms of Mr Kerr's recommendations, and justifies the increase by its linking to improvements in efficiency and in particular to the expected conclusion of a comprehensive joint pressroom agreement in the paper's machine room, or printing press area, which, it is claimed, will end exactly the kind of differential dispute that was the heart of the FT strike.

The NGA has both secured a considerable increase on the rate and maintained its right to negotiate an agreement independently of the other union in the machine room, the Society of Graphical and Allied Trades '82 (Sogat '82).

Mr Alan Hare, FT chairman and chief executive, said yesterday that the strike "must be regarded as one of the most unrewarding in the annals of Fleet Street." His statement acknowledged the gains and losses of both the FT and the NGA.

Mr Bryn Griffiths, the NGA's national president, said: "I would say we are quite satisfied with the re-

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$350m deals boost Merck role in Japan

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

MERCK, a leading U.S. drug manufacturer, is to acquire majority stakes in two medium-sized Japanese pharmaceutical companies, Banyu Pharmaceutical and Torii Yakuhin, in a move that will give it between 4 and 5 per cent of the country's pharmaceutical market.

The two deals, valued together at around $350m, are believed to represent the biggest investment ever made by a U.S. company in Japan, while the projected purchase by Merck of 50.02 per cent of Banyu would be the first occasion in many years that foreign interests had been allowed to take control of a company listed in the First Section (comprising the largest groups) of the Tokyo Stock Exchange.

Merck announced last Wednesday that it would acquire a majority in Banyu through an allocation of new shares and the purchase of a block of convertible Eurodollar bonds.

Mr P. Reed Maurer, a senior Merck executive, said here that the company had been planning for four years to seek a majority in the Japanese group in order to obtain a "total commitment" by Banyu's management to Merck's efforts to strengthen its position in the Japanese market. The two companies have been partners for some 30 years in a joint venture company, Nippon Merck Banyu, which manufactures Merck products from materials imported from the U.S.

The Merck-Torii relationship is more recent, but the U.S. company bought a 30 per cent stake in Torii last year. It was announced over the weekend that Torii had decided to become a "full member" of the Merck group through a deal involving the issue of 5m new shares and the purchase of 300,000 existing ones, to give Merck a 50.5 per cent stake.

Banyu and Torii together account for some 4-5 per cent of the Japanese pharmaceutical market – worth about $10bn a year – but Merck appears confident that this will rise significantly as a result of technology transfers to the two companies from its laboratories in the U.S. and Europe. Merck executive stress that managements of both Japanese groups welcome the U.S. group's greater involvement.

Membership of the Merck group will give both Banyu and Torii access to additional patented pharmaceutical products at a time when the laws controlling drug distribution in Japan are making it increasingly hard for companies without original products of their own to survive.

Japan 'in dilemma on economy'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE JAPANESE Government is nearing a policy dilemma over whether to stimulate its domestic economy or continue to try to curb its budget deficit, says the Organisation for Economic Co-operation and Development (OECD) in a report on the country published today.

The OECD says the policy conflict is a direct result of trade restrictions against Japanese goods which are likely to limit the possibilities for export-led growth, even if the yen remains at its present low level.

On the other hand, the organisation says the economy needs to maintain growth because of possible unemployment problems, which will particularly affect women and older workers.

The OECD forecasts that Japanese output will grow by about 3 per cent this year over the level in 1982, with an annual rate of growth of about 3¾ per cent in the second half of 1984.

Although this is a respectable growth rate compared with what is likely to be achieved in other industrial countries, particularly in Europe, it is low by Japanese standards, and much lower than was expected by the Japanese authorities. Growth at this rate could lead to unemployment, the OECD suggests.

The unemployment rate of 2½ per cent of the labour force in 1982 was much lower than in most industrial countries, but unemployment has been rising and reached a peak early this year. The OECD believes that the generally ageing workforce may lead to specific unemployment problems. In the past, women tended to withdraw from the labour

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Senior U.S. Senator in Warsaw for talks

BY LESLIE COLITT IN WARSAW

A U.S. politician has arrived in Warsaw for the first high level talks with Poland since martial law was imposed in December 1981. It was lifted last month, causing Washington to signal a possible thaw in relations by agreeing in principle to take part in renegotiating some $13bn of Polish debts to Western governments.

Senator Christopher Dodd of Connecticut, a Democratic member of the powerful Senate Foreign Relations Committee and the Sub-committee for International Finance, is to hold talks until tomorrow with Polish officials and the Roman Catholic Primate, Cardinal Jozef Glemp.

The Warsaw Government is displaying keen interest in the visit and appears to want to use Senator Dodd to take back a message to the U.S. Administration. A U.S. official in Warsaw said privately there was a chance Mr Dodd could "break something loose" in the frozen relationship between Washington and Warsaw.

Last year, Senator Dodd criticised President Ronald Reagan sharply for imposing sanctions against Poland in retaliation against martial law.

The Senator spent the first day of his fact-finding mission gathering impressions of the political and economic situation in Poland. Today, he is to meet Mr Stanislaw Nieckarz, the Minister of Finance, and the vice-marshal of the Polish Parliament, as well as Cardinal Glemp. Tomorrow, he will see Mr Janusz Obodowski, the Deputy Prime Minister, and the leading lay Catholic in the Government, and Mr Jozef Wiejacz, the Deputy Minister of Foreign Affairs. There are indications he might also confer with General Wojciech Jaruzelski, the country's leader.

When martial law was ended the Polish authorities lifted a police cordon around the U.S. embassy which prevented Poles entering to use its popular library and to see American films. The cordon was installed after Mr Caspar Weinberger, the U.S. Secretary of Defence, called the Polish leader a Russian in a Polish uniform.

The embassy has been headed by a charge d'affaires since January when the last ambassador was recalled.

Poland has blamed U.S. sanctions for causing heavy damage to its already reeling economy. The absence of loans from the U.S. and other Nato countries has meant a sharp fall in the amount of fodder, industrial components and spares Poland has been able to import. The broiler chicken industry, created with the help of American shipments of fodder on credit, has been virtually wiped out.

Reuter adds from Frankfurt: Poland has asked its leading international bank creditors for a further meeting to discuss a formal proposal to reschedule $1.5bn in principal repayments due this year, bankers said.

In a telex received yesterday by Dresdner Bank, whose Luxembourg subsidiary acts as international agent bank on 1981 and 1982 reschedulings, Bank Handlowy, the Polish bank for foreign trade, neither accepted nor rejected proposals made by a working group of Western banks in July.

Under these, Poland would be given 10 years to repay 95 per cent of the $1.5bn at a margin of 1¾ per cent over Libor and would receive back as trade credits 60 per cent of the $1.15n due in 1983 interest payments.

Rumours fuel interest in Gulf Oil's Cork find

BY BRENDAN KEENAN IN DUBLIN

STOCK MARKET interest in the possibility of a commercial oil find off the Irish coast continued yesterday, with more rumours about the results of Gulf Oil's exploration well off the coast of Cork.

Shares in Irish-based Atlantic Resources, which has a one-third interest in the well, have been rising sharply for the past two weeks. Yesterday they jumped by more than £1 on the London market and showed a rise of over I£1.50 (£1.20) at one-point on the Dublin stock exchange.

Their present price of almost I£5 means the shares have seen a tenfold increase in five weeks, making huge paper profits for the principal shareholders. The major stake is held by Dr Tony O'Reilly, the Irish chief executive of the U.S. food multinational, H. J. Heinz.

Gulf emphasised that a commercial discovery was not yet certain, but, as rumours mounted, the company said it might issue a further statement in the next few days.

The buying spree was sparked off by unofficial reports that oil has been flowing from the well during tests at rates of up to 3,000 barrels a day. Even if the reports are accurate, such flows give only preliminary indication of the nature of the discovery.

Irish oil shares have traditionally been volatile, and the possibility of quick profits has sparked off bouts of buying during earlier drilling seasons, for instance, in connection with British Petroleum's drilling off the west coast.

W. German missiles under fire

BY JAMES BUCHAN IN BONN

A PUBLIC offensive against the stationing of new nuclear missiles in West Germany began in earnest at the weekend, with a series of demonstrations to mark the 38th anniversary on Saturday of the nuclear destruction of Hiroshima.

Thousands of people took part on Saturday in co-ordinated actions which the "peace movement," a loose collection of church and local groups, hopes will climax in October in the largest popular demonstrations in the Federal Republic's history.

The "hot autumn," as it is hopefully or anxiously termed in West Germany, is designed to accompany the last round of U.S.-Soviet negotiations over intermediate-range nuclear weapons in Geneva set to run from the beginning of September to mid-November. Should these talks produce no result, as seems overwhelmingly likely, Nato is expected to begin stationing a first group of 18 U.S. Pershing 2 missiles in West Germany and Cruise missiles in England and Italy in December.

On Sunday a bomb exploded without injury at an officers' club near the U.S. air force base at Hahn in the Palatinate, but the official protests passed peacefully although more than 190 arrests were made at an air display at Ramstein, the largest U.S. air base in West Germany.

In a suburb of Bonn, two young people on Saturday began what they termed an "open-ended" fast against the deployment of nuclear weapons.

One of several "peace camps" was started an Saturday at Mutlangen, in south Germany, which the "peace movement" believes will be the site of the first batch of Pershings. At dawn on September 1, the anniversary of the German invasion of Poland in 1939, the participants, as well as the entire Bundestag party of the Greens, Left-wing Social Democrat deputies, and other well-known opponents of the missiles, will attempt to blockade the U.S. base.

The climax will be the week of October 15-22, when the "peace movement" hopes to mobilise more than 1m people against the Pershings in Bonn, Berlin and other cities.

Italian police, using tear gas and riot sticks, clashed yesterday with more than 1,000 rock-throwing protesters outside a planned cruise missile base in Comiso, Sicily, AP reports. At least 56 people were injured in the brief clash, officials said. Twenty protesters were taken into custody.

IEA forecasts $45 crude price by 2000

PARIS—The International Energy Agency predicts a $45 per barrel price for crude oil by the year 2000. This is possible under a "weak growth" hypothesis, it says in a report.

The price, in 1980 dollars, would first drop to $29, with economic growth averaging 2.4 per cent per year in the first decade and 2.7 per cent per year in the second.

Under a second, "fast growth" hypothesis, crude prices would fall in real terms by 3.9 per cent per year until 1985, increasing at the rate of inflation until the end of the century. Here, the agency envisages a 2.6 per cent per year "real economic growth" between 1980 and 1985, and 3.2 per cent between 1985 and the end of the century.

Threat to Kielland salvage

By Fay Gjester in Oslo

A NORWEGIAN salvage company contracted by the Government to right the capsized North Sea hotel rig Alexander Kielland has rejected claims by Det norske Veritas (DnV), the Norwegian ship classification body, that the operation may jeopardise the lives of salvage crews.

The attempt by Stolt Nielsen Seaway is due to start next month in a fjord near Stavanger. DnV can order the operation cancelled, however, if it believes any risk to crews is involved.

DnV said at the weekend that the plans were unlikely to be approved. The most serious problem concerns the risk that the rig's accommodation module might fall off and sink.

Stolt Nielsen Seaway has been working on the Kielland for three months. Buoyancy tanks have been welded to its legs, water and air valves have been fitted (for ballasting and deballasting) leaks in the legs and struts have been sealed.

The damaged superstructure has been fastened more securely to the deck. The whole operation is expected to cost some NKr 240m (£21m).

The company said yesterday that the accommodation module might fall off—"we are, after all, dealing with a wreck"—but it would not threaten the crews' safety.

Portugal and IMF agree terms for $300m standby loan

BY DIANA SMITH IN LISBON

PORTUGAL AND the International Monetary Fund have concluded negotiations for a $300m standby loan. The IMF funds, needed to alleviate Portugal's formidable external payments and foreign debt crisis, should be delivered in September. The loan is covered by an 18-month agreement.

Sr Mario Soare's Socialist Social Democrat coalition Government hopes that successful conclusion of very arduous negotiations with the IMF will encourage international banks to come forward with the financing Portugal needs to cover obligations that are disproportionately large for a small, modestly productive country. With a total foreign debt of $13.5bn at the end of 1982, Portugal must find $1.3 bn in principal and $1.4 bn interest to service the debt this year.

The Portuguese have had to agree to promote negative economic growth next year (about −1 per cent compared with +3 per cent in 1982), ensure brutal reductions in 1984 public spending and cool private consumption by a reduction of about 4 per cent in real wages.

The IMF negotiators are understood to have wanted the 1984 budget deficit pared to 6 per cent of gross national product, compared with a deficit of nearly 12 per cent in 1982. Portuguese negotiators are reported to have resisted so drastic a reduction in so short a time, because of repercussions on a public industrial sector employing more than 200,000 people.

However, the leeway granted by the IMF is believed to be very modest.

Sr Ernani Lopes, the Finance Minister, who began pruning government spending when he took office in June, has let it be known that selective cuts in public investment ends on August 31.

The IMF wants this year's current account deficit pared to $2.2bn, compared with $3.3bn in 1982. Next year, it must be only $1.5bn. Sr Soares's cabinet has already announced severe reductions in imports of durable consumer goods.

The Bank of Portugal, meanwhile, has to draw again on the country's gold reserves to secure a short-term loan from the Bank for International Settlements (BIS). Having settled a $400m loan in March from the BIS by the sale of the 687 tonnes of gold held in January, the Bank of Portugal is now negotiating a third short-term BIS loan, this time for $300m. A second loan, for $300m based on a gold swap, was contracted in June to meet urgent obligations.

UK and France seek to settle tourism dispute

BY DAVID TONGE

BRITAIN AND France are due to begin talks in Paris today on how to avoid further British tourists, overwhelmingly of West Indian origin, being refused entry by French immigration officials.

Lord Nicholas Gordon Lennox, an Assistant Under-Secretary at the Foreign Office, is heading a British team which will discuss the application of a 1971 memorandum of understanding allowing excursions without passports. The French appear keen to make the memorandum more restrictive.

More than 600 British subjects on no-passport excursions have been turned back by the French as part of a general clamp-down on illegal immigrants. Last week, the French embassy in London said there had been abuses of the memorandum. The French move has caused fury among ethnic minority groups in Britain.

In May, the French proposed to Britatin that the 1971 memorandum be "updated" to take account of the new British Nationality Act. French officials appeared to believe that this Act restricted the right of abode in Britain and would drive people across the Channel. In Whitehall yesterday British officials insisted the Act had affected nationality but had no effect on anyone's right of abode in Britain.

Faster tax computers chase tardy French

By David Marsh in Paris

A PARISIAN barber in a not particularly chic establishment paused in mid-snip last Friday to complain that his tax bill, received that morning, was up 25 per cent from last year. Although he would still holiday on the Cote d'Azur in September, he would be unable to replace his Peugeot, he grumbled.

That was not the only cause for complaint. Millions of taxpayers have been aggrieved to find out that the Government is speeding up the traditionally generous French system of collection — thanks to the more efficient use of computers.

Out of around 15m French income taxpayers, about 1.5m are affected by the new regulation setting September 15 as the final payment date for this year's taxes — one or two months earlier than last year.

The Finance Ministry maintains that the speed-up is due to the progressive introduction in revenue centres of new computers — made by the Bull nationalised group. Right-wing newspapers however, were quick to see the move as yet another Socialist tilt at hard-pressed taxpayers.

What most newspapers failed to mention — a fact of which the average Frenchman is also blissfully unaware — is that France gives an unusually favourable leeway to income taxpayers.

Most taxpayers pay tax in three instalments during the year, based on income received in the previous year. The Finance Ministry points out that the average Frenchman thus profits from a delay of about nine months between receiving income and paying tax—much more than in most other countries.

This represents a loss of revenue for the Government which the ministry has been trying for years to redress.

A study from the Organisation for Economic Co-operation and Development published last week shows that in a typical year only about 11 per cent of income tax paid to the French Government relates to taxpayers' revenue that year.

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Austerity is working in France, but at a cost, writes **David Marsh**

Patient gags on economic medicine

"FRENCH TOURISTS are now sleeping behind their cars. We'll all end up sleeping behind our cars at this rate." The comment—from a disgruntled hotelier in central France, complaining at a drop in bookings caused by the trend towards low-cost camping holidays—illustrates how the French Government's tough economic medicine is starting to work.

But the side-effects are becoming increasingly unpleasant—and the potency of the prescription is starting to worry some of the doctors themselves.

There is now little doubt that the austerity package announced in March will achieve its immediate economic aims. France's inflation rate and current account deficit look set to drop significantly this year, even though the objective in both cases is made more difficult by the U.S. dollar's fresh spurt to above FFr 8.

The consequences of belt-tightening—accelerating unemployment and falling living standards—are, however, looking more and more grim to Frenchmen reared on decades of post-war growth.

The Socialist - Communist coalition, elected just over two years ago on promises of expansion and prosperity, is coming under increased internal strains. The Government, which relies heavily on trade union compliance in its anti-inflation fight, faces a tough autumn of stop-gap efforts to try to soften the effects of a recently-announced wave of redundancies in industry.

With President Francois Mitterrand throwing his authority firmly behind the austerity measures drawn up by M Jacques Delors, the Finance Minister, the Government is doing its best to present a united front against criticism from both Right and Left.

However, the embattled M Delors, under fire from business leaders for putting up corporate taxes too much and from the Left for not increasing them enough, will come under increasing attack in the autumn if the need for sacrifices should prove still greater.

Already, the French economy—depressed not only by this year's tax increases and government spending cuts but also because of the continuing recession in West Germany — is expected to contract by 0.5 percentage points this year, according to the Organisation for Economic Co-operation and Development. And as the French descend to their holiday resorts (or camp sites) during the traditional get-away-from-it-all month of August, the Government has been gingerly softening up public opinion to prepare for another round of tax increases to prevent a rise in next year's budget deficit.

About an extra FFr 40bn (£3.3bn) of tax revenue is needed to keep down next year's central government budget deficit within 3 per cent of gross national product, and also to finance shortfalls in the separate (and larger) social security budget.

The budget deficit automatically widens in recession because

M Delors . . . under fire from Left and Right

of lower tax revenues and increased payouts in welfare benefits and state aid. The fresh squeeze in store for 1984 may have a further deflationary effect. But M Delors has warned bluntly that if France wants to maintain its, on the whole, generous system of social protection, then it will have to pay for it.

Paying for it means that the corporate sector, can hardly avoid extra burdens, even though the Government is trying to keep further corporate taxes to a minimum.

Higher levies on employers, brought in last month to help finance the widening deficit in France's unemployment insurance scheme, drew a fresh howl of protest from the Patronat employers' federation.

M Pierre Mauroy, the Prime Minister, who assured the electorate before the March municipal elections that the worst hardships were over, has gone on the defensive. Retreating from earlier ambitious promises of job-creation, he is now pledging merely that unemployment will not be allowed to "run away" as in Britain and West Germany.

The Government is studying modest measures including early retirement at 55 for workers in physically wearing industries and more cuts in working hours, to try to break the inevitable lengthening of the dole queues. But unemployment, which the Government has managed to hold at just over 2m for around a year, is expected to increase enexorably to 2.2m by end-1983, according to the official statistics institute, and to go on climbing next year too.

A series of leading companies in the public and private sectors—including car giant Peugeot, aluminium-maker Pechiney, aerospace concern Aerospatiale, paper-makers Chapelle-Darblay, construction company Colas and textile group Boussac—has recently announced, or threatened, large-scale redundancies.

The Communist-backed CGT trade union, growing increasingly restive at government inaction, estimates that 80,000 redundancies have been announced since March.

Without a doubt, more are to come. The Government can hardly avoid fresh lay-offs in the coal mines—particularly after its decision last month to protect engineering jobs by maintaining a relatively high rate of nuclear power plant construction. And in steel, too, more hard decisions will have to be made in the autumn—a consequence of the European Community's fresh capacity cutbacks.

With the economic contraction has come a worsening of social strains. For the moment, central Paris is sunny and serene. The gaunt grey buses carrying riot police which trundled around the capital in May during the wave of disturbances by students, small businessmen and farmers have been replaced by hundreds of air-conditioned coaches ferrying foreign tourists tempted by the cheap franc.

But street protests could flare up again in the autumn. And in France's big city outskirts, a summer spate of shooting incidents, often with immigrants as targets, has forced the Government to tighten gun controls. It has served notice that unemployment and racial tension can mix to form a potent brew.

Leaving aside unemployment, the Government has had some relatively good economic news. The sluggish economy has helped bring down the year-on-year inflation rate to a 10-year low of 8.8 per cent. In spite of a string of public-sector tariff increases and the strong dollar, the 8 per cent target for 1983 (which the Government stresses means anything up to 8.9 per cent) is within reach.

The hoped-for cut in the trade deficit to FFr 60bn (£5bn) for 1983 compared with FFr 93bn (£7.75bn) last year now may not be achieved. The Finance Ministry calculates that each 10-centime rise in the dollar adds another FFr 2bn to the import bill. But M Delors has taken heart from a dramatic drop in the estimated current account deficit in the second quarter of 1983 to only FFr 5bn (£416m) compared with FFr 29bn (£2.4bn) in the first three months.

The rise in the dollar has cast doubt over M Delors' plan for a 1 percentage point cut in interest rates on bank loans next month. But the strong dollar does not have only negative consequences. The weakness of the D-Mark has kept the franc strong in the European monetary system and allowed the Bank of France to recoup much-needed reserves.

M Delors can now claim generalised European support for his two-year campaign to persuade the Americans to control their currency better. Additionally, the strength of the Paris bourse — up more than 30 per cent this year, with the rise driven by export-oriented stocks — underlines that some, however, actively profit from a weak franc.

As for President Mitterrand himself, he has taken advice from communications consultants to step down from his throne and adopt a more down-to-earth public image.

In a major departure for a French president, he has made three live television and radio apearances over the past two months — two in the form of long and frank interviews — in order to drive home the message that Socialist economic rigor is "just and necessary."

M Mitterrand seems to want to present himself as an honest man who can also make human misjudgements — for instance, in not devaluing the franc immediately in May 1981, which he admitted to one French journalist last month was an error. The campaign to show himself capable of mistakes, however, is clearly a calculated gamble. During the past 25 years, the French have not been greatly appreciative of fallibility in their presidents.

Reprisals feared in Lebanon

By Our Foreign Staff

President Gemayel

OPPONENTS OF President Amin Gemayel of Lebanon have threatened retaliation for the three car bombings in Syrian-controlled areas of the country over the weekend which left at least 55 people dead.

It is still not known who planted the car bomb in Baalbek, a city in the Syrian-held northern Bekaa valley area, but responsibility for the explosion which left 35 dead and 133 injured has been claimed by the Front for the Liberation of Lebanon from Foreigners.

There are fears in Beirut that Moslem and Syrian-backed groups will retaliate by causing explosions in Government-held parts of the country. Opponents of President Amin Gemayel grouped in the National Salvation Front blame the Government for the bombings.

Together with the imminent pull-back of the Israeli forces to more secure positions along the Awali River, the bombings are increasing tension in Lebanon as the Government seeks to persuade Syrians and Israelis to withdraw from its territory.

Meanwhile, Mr Robert McFarlane, U.S. special envoy, on his first regional tour since he replaced Mr Philip Habib last month, yesterday sought backing from Saudi Arabia for the U.S. plan for foreign troop withdrawals from Lebanon.

Egypt looks to IMF for balance of payments

BY CHARLES RICHARDS IN CAIRO

EGYPT IS seeking credit facilities from the International Monetary Fund (IMF) for balance of payments support. Officials are raising the issue during the current visit to Cairo of an IMF mission which is collecting figures for Egypt's 1983/84 budget.

Egypt has made regular inquiries about obtaining such facilities. However, its relations with the IMF were seriously damaged when it exceeded budgetary ceilings just three months after a three-year facility had been agreed in 1978, having already obtained the first tranche.

Later attempts to reach a new agreement foundered in 1980 when Egypt for the first time declared a balance of payments surplus.

Egyptian officials now point to several factors as evidence of good economic management, including tighter fiscal policies, a reduction in the rate of growth in the money supply, and a reduction in the budget deficit from E£1.5bn (£1.25bn) in 1982-3 to E£1.3bn in 1983-4.

Egypt's foreign exchange sources have been hit by the oil glut. Revenue from oil alone is expected to be $500m lower than the projected $2.8bn. Tourism and workers' remittances are also down because of recession and political events in the region.

With bilateral aid donors cutting programmes because of the recession, and Egypt reluctant to test the commercial market for short-term loans, it may be driven to the IMF for help.

If agreement is reached, Egypt will be able to draw up to 150 per cent of its quota in a given year, depending on the strength of the programme. Egypt's quota is 342m SDRs, but the Minister of Finance has been quoted as saying that Egypt wants to increase this to qualify for higher facilities.

The IMF will want to be convinced that Egypt is serious about its intentions to correct some of the distortions in its economy caused by heavy government subsidies on basic commodities, which gobble up E£2bn a year.

Egypt has made a few minor adjustments such as raising energy prices marginally and has introduced measures intended to reduce excessive consumption.

It plans to introduce a superior loaf of bread at two piastres to be sold in addition to the existing one piastre loaf. This should save E£300m of the E£800m which goes each year into subsidising bread.

The Egyptian Government is mindful of a repetition of the 1977 food riots when 70 people were killed after the government announced an increase in the price of bread.

Egyptian officials will be trying to tone down the IMF's conditions.

Bahrain's offshore banking units report increased assets

BY MARY FRINGS IN BAHRAIN

THE DECLINING trend in Bahrain's offshore banking market appears to have been halted. Total assets of the 74 offshore banking units (OBUs) reporting to the Bahrain Monetary Agency in June amounted to $56.5bn, up from $55.7bn in May.

The market reached a peak in August last year of $61.1bn, but by January, when there were 72 banks reporting, assets had fallen to $57.6bn, and continued to decline until they bottomed out at $55.6bn in April.

The marginal recovery in May could have been due to the entry of Yapi Ve Kredi Bankasi and Citicorp Banking Corporation, but no newcomers were included in the June figures.

The overall drop in assets has been reflected in the interim results of two major locally-incorporated Arab banks. Al-Baab (Al Bahrain Arab African Bank) reported assets 23 per cent down from $1.5bn at the year-end to $1.153bn in June, but the volume of lending remained steady at $843m and the half-year profit of $11m compared favourably with $18.2m for the whole of last year.

At Arlabank International, the parent bank of Arab Latin American Bank of Lima, Peru, assets fell 18 per cent over the six-month period from $2.2bn to $1.8bn, and loans decreased from $1.2bn to $1.1bn.

Interim profits amounted to $8.1m against $12.2m in June 1982 and $18.6m at the year-end. A $25m increase in capital has brought shareholders funds to $229m, but a shareholders standby fund is also being arranged.

In contrast, both Arab Banking Corporation (ABC) and Gulf International Bank (GIB) showed marginal growth. ABC reported mid-year assets of $8.2bn, up 4 per cent from the year-end of $7.89bn. Loans increased from $2.91bn to $3.1bn, and profits were also up at $58m ($55.1m in June 1982 and $115m in December).

ABC has signalled its intention of staying in the syndicated lending market, and has recently won the mandate for a $200m loan to the National Bank of Hungary in which the World Bank will take a direct $30m participation.

Assets at GIB also rose 4 per cent in the first half, from $6.16bn to $6.36bn, with lending up from $3.34bn to $3.5bn. Interim net earnings amounted to $28.1m, compared with $24.8m last June and $50.8m for the year.

● The Bahrain Petroleum Company (Bapco), which is a 60-40 joint venture between the Government of Bahrain and Caltex Petroleum Corporation, is to cut its workforce by nearly a quarter in an attempt to make its refining operation pay.

This will mean the loss of 1,020 jobs over the next four years, including those of up to 800 Bahrainis.

Tension rises in Nigeria poll

By Quentin Peel, Africa Editor

FIRST RESULTS in the Nigerian Presidential election were due to be announced last night, in an effort to defuse rising tension in the country.

Election officials agreed to release the results of the poll as they were received in the capital, Lagos, rather than wait until the returns from all 19 states were in as originally intended.

News agencies reported street disturbances in Ibadan, the country's second largest city, on Sunday night, although there was no indication of their severity, as voters awaited the outcome of Saturday's poll.

Final results are not expected before today, although President Shehu Shagari, the incumbent, is still regarded as favourite to retain his position against five rival candidates.

His principal challenger is the veteran politician Chief Obafemi Awolowo, whose support comes largely from the Yoruba people of the south-west, including Ibadan and Lagos.

An inconclusive result in the poll, the second to be held in Africa's most populous democracy after 13 years of military rule from 1966-79, would force a run-off between the two leading contenders in the coming weeks.

Paris sees conflict as civil war

France avoids direct role in Chad

BY DAVID MARSH IN PARIS

FRANCE'S Socialist Government intends to avoid direct intervention in its former African colony despite growing U.S. concern about Libya's role in the conflict.

Washington already has two Awacs radar reconnaissance aircraft in the region protected by F-15 fighter escorts, and a 5,500 strong rapid deployment force is about to begin manouevres in Egypt, although the exercise was planned several months ago.

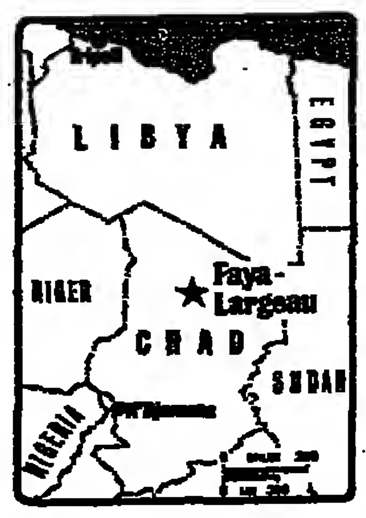
A White House spokesman claimed last night that there were "large numbers" of Libyan troops outside the key northern town of Faya-Largeau, and their strength had been recently increased.

President Francois Mitterrand, who came to power in May, 1981, with good intentions of limiting France's military involvement in its former African colonies, has already had his fingers burnt once in Chad.

France supported the former president, M Goukouni Oueddei —who is now leading Libyan-backed rebel troops in the north of the country — right up to M Oueddei's overthrow by President Hissène Habré in June, 1982.

The French Government is still resolutely treating the dispute as a civil war with only indirect intervention by the Libyans.

President Mitterrand, who came to power in May, 1981 with good intentions of limiting France's military involvement in its former African colonies, has already had his fingers burnt once in Chad. The French Government is still treating the dispute as a civil war.



Considerable supplies of military equipment — *including* mortars, anti-tank rockets, transport vehicles and machine guns—have been sent by France to Ndjamena, the Chad capital, since the oasis of Faya-Largeau fell to the rebels at the end of June. *It has since been re-*captured. Paris has also despatched civilian advisers to instruct in the handling of the equipment.

But in spite of M Habré's demand for help from the French air force to ward off Libyan aerial attacks in the north, M Charles Hernu, the French Defence Minister, at the weekend *ruled out any imme*diate intervention.

He said Frence would supply Chad with assistance only in conformity with its military co-operation accord of 1976, which he said covered only logistical support.

France in fact sent troops and aircraft to Chad in a previous phase in its long drawn out civil war in 1978. M. Jean de Lipowski, the former Minister in the Giscard Government who negotiated the 1976 accord, has recently accused the present Socialist administration of respecting the "letter but not the spirit" of the 1976 agreement.

M. Claude Cheysson, the French Foreign Minister, said on *television* yesterday that France was not acting in concert with Washington in its response to Chad's appeal for aid. The U.S. Government, in sending electronic surveillance jets and other aircraft to Chad at the weekend, has pointedly put the onus on Paris to step up its support as well.

M. Habré, meanwhile, has hardly furthered his cause with the French Government by accusing Paris of being motivated by "pro-Libyan lobbies."

France at the weekend deployed four Jaguar fighters stationed in Libreville, Gabon, in what the Defence Ministry said were "routine training missions" over West Africa.

M Cheysson warned that if Libya pursued its intentions further in Chad and "internationalised" the conflict, this would have "consequences" for Franco-Libyan relations. But for the moment, the French are hoping that Libya will be persuaded to tone down its involvement without the need for direct military force from the West.

● Zaire is sending a further 700 troops to Chad, bringing its forces in the country to 2,450. The move follows talks in Washington last week between President Mobutu Sese Seko and President Ronald Reagan.

Seychelles election turnout down

SEYCHELLES — The Seychelles chief election official said yesterday that 59.3 per cent of voters had turned out for Sunday's parliamentary election, a lower percentage than reported earlier.

Derrick Ah-Lock said 20,705 of the 34,908 eligible voters cast ballots to elect 23 members of the People's Assembly, all members of the ruling Marxist Seychelles People's Progressive Front and 17 of them running unopposed.

Two others will be appointed by President France Albert Rene to represent migrant people on the outer islands.

The turnout rate was higher than senior government officials had predicted. A small showing could have embarrassed President Rene's leftist regime, with some observers possibly interpreting it to mean declining popular support for its radical policies.

One election official, who declined to be named, said he was surprised by the relatively large number voting. Many were apparently motivated by a feeling of civic duty and a fear of being penalised for failing to cast a ballot, the official added.

It was the first poll since a bungled 1981 coup attempt by South African-based mercenaries.

AP

Kuwait in move to end stock market crisis

By KATHY EVANS IN KUWAIT

THE KUWAITI Parliament is to hold an extraordinary session today to discuss legislation aimed at ending the country's stock market crisis.

The Bill being put forward by the Government aims to deflate the value of the $94bn (£62bn) worth of postdated cheques left following the collapse of the Souk Al Manakh market last September.

The cheques were written for forward deals and carried large premiums, often as high as 400 per cent.

The Bill will allow the Government-appointed arbitration panel to cut these premiums to a maximum of 25 per cent or even less to the spot price of the shares on the day of the transaction.

The Amir has ordered all deputies and Government Ministers to attend the session but local observers believe only 35 out of a possible 55 members will return from their vacation.

The Ministers involved in drawing up the legislation admit that the Bill, if approved, will not solve the problem entirely. Jassim Marzouk the Commerce Minister said yesterday that it was impossible to reach a solution which would suit everyone.

It is believed that the Bill will effectively penalise those who have already made amicable and honourable settlements in full, and reward those who have been unable or unwilling to pay their debts.

This has been one of the main arguments against deflating the amount put forward by some National Assembly members and Abdul Latif Al Hamed, the Finance Minister.

The Minister has always vigorously opposed cutting the premiums, believing it would undermine the country's legal and commercial code and allow the big dealers to get off lightly.

Another factor which may have prompted the emergency session is the alleged involvement of one of the prominent members of the ruling family, Sheikh Khalifa Al Abdulla Al Sabah, nephew of the Amir. Despite a deficit on his cheques, Sheikh Khalifa has yet to suffer the same consequences as others involved in the crash. Over 100 people have had restrictions placed upon them.

The Sheikh's name has been kept out of the local papers but his seeming immunity has generated widespread hostile comment in the market.

Another problem is that the new law, if approved, is unlikely to lessen the number of bankruptcies expected in Kuwait. In the absence of any other government solution until now, many local companies in their annual accounts for 1982 worked an old formula floated earlier this year by the chamber of commerce.

This formula fixed the maximum premium at 50 per cent, compared with the current bill's 25 per cent ceiling. Thus, further writedowns and more bankruptcies are expected. Some market observers say even the most reputable semi-government institutions will be severely mauled by the markdowns in premiums.

Meanwhile, there has been a tail-off in the recent resurgence of activity in the Manakh market. Since the beginning of this year the exchange has been virtually dead but last month prices soared 50 per cent in two weeks.

Some of the deals were forward transactions, paid for by post-dated cheques, though government officials deny this. However, one Manakh dealer has been ordered to close, allegedly for dealing on behalf of one of the potential bankrupts.

South African coast still under threat from slick

BY BERNARD SIMON IN JOHANNESBURG

FEARS of a pollution disaster along South Africa's west coast receded yesterday as a south-east wind known to locals as the Cape Doctor, moved a huge oil slick from the stricken Spanish tanker Castillo de Bellver out to sea.

Pollution experts are still concerned, however, that a change in wind direction within the next few days will drive the oil towards the shore, endangering South Africa's rock lobster industry and one of its richest wildlife sanctuaries.

The Castillo de Bellver, carrying 250,000 tons of crude oil, broke in two in a mass of flames on Saturday following an explosion. A search for three missing crewmen has been called off.

The stern section of the vessel has sunk 25 miles west of Saldanha Bay, while the tanker's bow is being towed out to sea by a Cape Town tug. The bow is expected to sink at any moment.

Pollution control official do not know how much oil remains trapped in the ship's tanks, but a leak from the sunken stern stopped yesterday morning.

By the afternoon, South African anti-pollution vessels had sprayed almost 50,000 litres of dispersant on to the slick, which cover about 300 square miles. At its nearest point, it is 26 miles from the coast.

Mr Anton Moldan, head of the Sea Fisheries' Pollution Division, said that "very little" damage had been caused to marine life so far.

The affected area, to the north of Cape Town, accounts for about 35 per cent of South Africa's rock lobster catch, totalling 3,700 tons a year. Four-fifths of the catch is exported, mainly to the U.S. and Japan.

The areas is also an important commercial fishing ground, mainly for pilchards and anchovies.

The danger to the rock lobster is lessened by the fact that they are currently breeding. Most larvae are between 25 and 100 metres below the surface.

Weather forecasts indicate that the south-easter will continue to blow for a few days. But gusty north-westerlies are also common at this time of year.

Australians given warning on unemployment battle

MY MICHAEL THOMPSON-NOEL IN SYDNEY

MR PAUL KEATING, the Australian Treasurer, gave a warning yesterday that strenuous efforts to lower unemployment would not bear fruit for at least one year.

This lends weight to the view that the promise of the Labor government in Canberra to mount a simultaneous attack on unemployment and inflation is proving more difficult to implement that it assumed five months ago in the aftermath of its March 5 general election win.

Australia's seasonally-adjusted unemployment rose from 600,000 in the December 1982 quarter to 719,000 in the June quarter this year, for a rise in the unemployment rate from 8.6 per cent to 10.3 per cent, with 11 per cent in prospect.

"Even with strong growth in the economy in the current financial year—as is anticipated —it will take time before that is translated into increased employment, and even longer before turns the tide of unemployment," Mr Keating said in Canberra yesterday.

Job losses have come most heavily in the steel, coal, power and metals sectors, although Mr Bob Hawke, the Prime Mnister, has recently repeated his assertion that Labor's key objective remains the creation of 500,000 jobs by 1986.

The other sticking point for the government is inflation, which remains stubbornly high, despite the introduction of a wages pause late last year.

In the June 1983 quarter, Australia's inflation rate, as measured by the consumer price index, rose by 2.1 per cent for an annual inflation rate in the year to June of 11.2 per cent, only fractionally down on the 11.5 per cent for the 12 months to March 1983.

Although most observers expect Australia's inflation rate to have been cut to around 8.5 per cent, by the end of the year, the rate will still be higher than the average inflation rate of Australia's major trading partners.

Moreover, the unions are pushing for a return to centralised wage fixing, based on full indexation of increases in the CPI. In addition, many of the states are facing deficit and financing difficulties, with large increases in indirect state taxation thought likely; while money supply (M3) in the 12 months to June 1983, grew by 12.5 per cent.

However, there has been some cheer on the trade front. Australia's current account deficit in 1982 - 1983 was A$6.5bn (£3.8bn), against A$9bn in 1981-82, but capital-inflow totalled A$8.9bn, producing a balance of payments surplus of A$2.4bn.

In its first budget in two weeks, Labor is expected to announce a record federal budget deficit of A$8.5bn.

Together with the breaking of the country's costliest ever drought — the value of gross farm production in 1983-84 is *expected to rise* by 23 per cent to A$13.4bn — the record budget deficit is expected to produce a one-off boost to the economy.

However, it is being impressed on Labor that an enduring *economic recovery will be* achieved only through improved private capital investment, a recovery in company profits, and a sustained improvement in exports.

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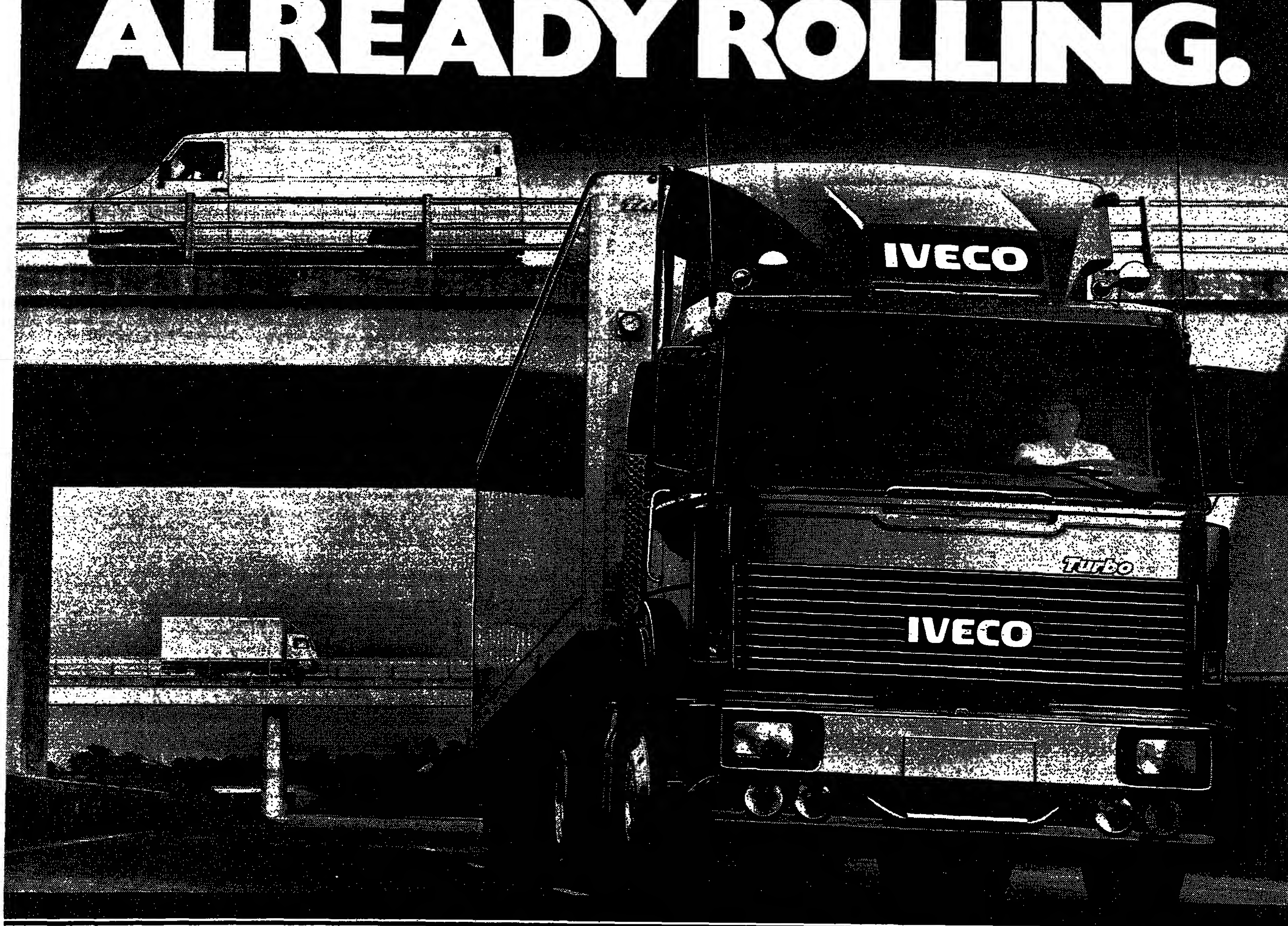

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Mexico concerned over private sector debt

By William Chislett in Mexico City

THE MEXICAN Government is becoming increasingly concerned about the slow progress made in restructuring $14bn (£9.3bn) private sector debts. It fears the delay will hinder the recovery of shattered businesses.

As on July 5, only $854m had been restructured under the scheme known as "ficorca." This was introduced by the Government in May because there will be very little foreign currency available for three years to repay private sector principal.

Meeting the burden of interest payments on the total external debt of $83bn and meeting minimal import needs has squeezed the foreign exchange position.

Many of Mexico's international bank creditors, particularly U.S. banks, are not happy with ficorca. They do not like the scheme's prerequisite that debt must be restructured over six to eight years with three to four years' grace.

Also, they do not favourably view the limit on the spread which ficorca will cover. This is 2 per cent over the London Interbank Offered Rate (Libor).

Some banks are trying to get higher spreads for restructured loans but companies, already crippled by the massive devaluation of the peso, are resisting.

Ficorca's advantage is that it guarantees foreign exchange and makes available pesos for those majority of companies which do not have enough liquidity to enter the scheme. Companies can also buy dollars for future delivery at favourable rates.

Half the $14bn debt is owed by the 10 largest Mexican industrial groups and none of them has yet committed itself to ficorca. Those who have joined the scheme are mainly the subsidiaries of foreign companies.

The Bank of Mexico has made it clear that those companies who restructure their debts outside ficorca will not be guaranteed foreign exchange.

The major Mexican companies are still working out their cash flow projections for each of ficorca's options. They find the scheme more expensive and complicated than they originally thought.

The Government is adamant that it will not change ficorca

U.S. troops land in Honduras for manoeuvres

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE BIGGEST military exercises ever held in Central America involving 27,600 troops got under way yesterday as the first of a 5,600-man contingent of U.S. forces arrived in Honduras.

The manoeuvres are designed by Washington to step up pressure on the left-wing Sandinista Government in Nicaragua whose policies the Reagan Administration sees as hostile to U.S. interests.

The contingent of U.S. ground troops, who landed at San Pedro Sula, the business capital of Honduras, and at the port of La Ceiba, are to co-ordinate with 6,000 Honduran troops and the 16,000 U.S. sailors and marines aboard the 19 warships patrolling the Pacific and Caribbean coasts of Central America.

The U.S.-Honduran manoeuvres are being backed up with 140 military aircraft.

A Honduras armed forces spokesman said that the joint force would not approach the border with Nicaragua but added that the exercises were "a clear warning" to Honduras' southern neighbour.

For many months, Nicaragua and Honduras have been accusing one another of border violations and the Nicaraguan Government accuses the U.S. and Honduras of aiding the force of several thousand counter-revolutionaries active in the northern departments of Nicaragua.

The U.S. is also proposing to construct its second radar installation in Honduran territory in the Gulf of Fonseca on the Pacific. Honduras shares the waters of the gulf with El Salvador and Honduras.

U.S. engineers are to improve Honduran landing grounds to take C-130 transport aircraft. In November, 2,000 U.S. marines will stage an amphibious landing on Honduran shores.

The manoeuvres are likely further to strengthen the domestic position of Gen Alvarez Martinez, the Honduran Defence Minister and strong man of the country, particularly in the light of the recent heart attacks suffered by President Roberto Suazo Córdova.

During a recent visit to Washington, Gen Alvarez called for U.S. troops to go to Honduras to confront "the Sandinista régime . . . our enemy."

Telephone services hit as AT&T strike goes on

NEW YORK—On the second day of the nationwide strike against the American Telephone Telegraph Company, some delays were reported in telephone services yesterday, including operator - assisted international calls.

Workers represented by the Communications Workers of America and two other unions have rejected management's latest offer for a new contract.

Mr Glenn E. Watts, president of the CWA, said there was no progress in talk with the company, which involve wage and job security issues. Striking employees are concerned about job security after January 1, when the huge company is to be split up into a series of smaller companies.

At the company's long-distance communications centre in Bedminster, New Jersey, a spokesman said few problems were expected for the moment with automatically dialled calls. Supervisors were filling in for some 625,000 striking telephone operators and technicians.

However, domestic long-distance and international calls requiring operator assistance could face delays "from 30 seconds to several minutes." These delays would also apply to incoming calls from abroad, the spokesman added.

Telephone customers seeking to place operator-assisted calls overseas were switched first to a recording saying that "due to a work stoppage, we are able to complete only urgent operator-assisted calls."

Callers in the New York area said they were switched from the recording to a live operator after waits ranging from one to 20 minutes.

AP

Paul Taylor describes the funding of the games that were launched with $100

Los Angeles set for spartan Olympics

WHEN THE people of Los Angeles told the International Olympic Committee it would be a "spartan" games, they were not joking. The finances of the 1984 Olympics in Los Angeles were launched with a $100 bill from the back pocket of Mr Peter Ueberroth, president of the Los Angeles Olympic Organising Committee (LAOOC).

The low cost Olympics have a budget of $500m, an eighth of the cost of the Montreal Games in 1976 and an even smaller fraction of the estimated cost of the Moscow Olympiad four years ago.

Los Angeles's plans are unique for other reasons too. The 1984 Olympic Games, which start on July 28 next year, will be the first ever to be funded entirely by the private sector. LAOOC, a private non-profit making company set up to plan and run the Games, has guaranteed that none of the cost will be borne by taxpayers.

Los Angeles has been trying to restage the Games ever since it last played host in 1932, but it won the 1984 Olympics only because of lack of competition and a crucial change in the IOC rules at a time when California's taxpayers were in revolt.

The IOC charter dictates that the Games will be awarded to a city responsible for financing and organising the Games. In 1978, when the 1984 Olympics were up for bidding, Californian taxpayers had just voted for Proposition 13, which forced tax reductions and passed a separate resolution ruling out public finance for the Games.

The only other city bidding against Los Angeles in 1978 was Tehran, so the IOC was forced to relent. "We got the Games by default," says Mr Daniel Greenwood, vice-president of LAOOC.

The agreement was signed on March 1, 1979. Mr Ueberroth, a dynamic businessman who just missed being selected in the 1956 U.S. Olympic water polo team, was appointed president of LAOOC and charged with planning and running the Games on a shoestring budget. He left a $400,000-a-year job at First Travel Corporation, a California chain of travel agencies which he had built up over 20 years, to take the $115,000 post with no staff, no offices and no bank account.

"The first place we tried to get offices we were turned down because they did not believe we could afford it," says Mr Greenwood, who gave up a job at Crocker Bank after 20 years to become LAOOC's vice-president in charge of sponsorships.

The committee set about organising an event which will be watched on television by about 2.5bn people, over half the world's population. Central to its planning was learning the financial lessons from the Montreal and Moscow Games. The Montreal Games left the Canadian public with an enormous debt, $1bn of which is still unpaid, and the boycotted Moscow Games are thought to have cost the Soviet Union $10bn to stage.

"We looked at the Moscow and Montreal Olympics and tried to figure out what went wrong," said Mr Greenwood. "The major item was construction and the basic principle we decided to stick by was 'Don't build things'."

Just three new buildings are being put up for the 1984

© 1980 LA Olympic Committee

Sam, the Olympic Eagle

Olympics. The only building LAOOC has put up itself is its modest $5m headquarters. This will be turned over to the University of California at Los Angeles after the event as an administrative building.

The private sector is directly funding the only other construction work. Southland Corporation's 7-Eleven stores group, is financing a velodrome for cycling events, and McDonald's, the food group, is building a new swimming and diving pool. Atlantic Richfield, the U.S. oil company, is paying for the refurbishing of Los Angele's Coliseum built to house the 1932 Olympics.

LAOO identified three major sources of finance: television contracts, sponsorship and licensing and ticket sales. About half the estimated cost will be covered by the sale of broadcasting rights. LAOOC has signed a $225m contract with American Broadcasting Corporation to televise the games in the U.S. and has sold separate television rights to overseas broadcasting groups.

A further $150m will come from strictly limited sponsorship and licensing agreements. In contrast to the Lake Placid Winter Games three years ago, which had 381 sponsors, Los Angeles will have a mere 30 to 35.

So far, LAOOC has signed 29 sponsorship agreements worth $116m with companies including American Telephone and Telegraph, Arco, General Motors, the Coca-Cola company, International Business Machines, United Airlines, Westinghouse Electric and Xerox.

The basic minimum sponsorship fee is $4m, that gives the company the right to be associated with the 1984 Olympics but does not give unlimited rights even to use Sam, the Olympic eagle, designed as the mascot by Walt Disney Productions.

LAOOC, concerned not to fall foul of accusations of over-commercialisation, has been a tough bargainer in sponsorship negotiations. As a result the search for suitable sponsors has not always run smoothly. "Sponsors are partners, it is almost like you are marrying them," said Mr Greenwood.

In one well-publicised split, LAOOC fell out with Eastman Kodak, the U.S. photographic giant after one and a-half years' negotiations and accepted Fuji Film, the Japanese photographic company, instead. "The problem with Eastman was that we were going to the altar with a reluctant bride," said Mr Greenwood.

The committee has also lined up 33 licensees, three of whom are also sponsors. By July next year LAOOC will have 15 more. These licensees pay a 10 per cent royalty on the goods they sell. Here again, LAOOC has been able to be choosey. It had 3,700 requests for licences covering 400 different categories of goods, from plastic bags to T-shirts and the ubiquitous "ceramic giftware."

LAOOC rejects such criticisms as exaggerated. It says the expected 250,000 visitors, including an estimated 8,000 journalists, will have no difficulty finding accommodation and it believes that traffic congestion will be lessened by park-and-ride schemes.

Mr Ueberroth has restated that LAOOC will pick up the estimated $19.3m bill for the local government services it requests. Last year it commissioned an independent study of the economic impact of the Games on the region. That study suggested that the Games will generate $3.3bn in economic benefits in the region, create 63,000 temporary new jobs and pump a total of $510m into federal, state and local government coffers.

If the balance sheet really does turn out to be so healthy, Los Angeles's Games could have longer term implications for the organisation of the Olympics, including those in 1988 in Seoul.

Mr Greenwood believes future organisers "may well try to use some of the concepts." He adds: "They would be silly not to." But like other members of LAOOC's 300-strong staff, he doubts that the LA Olympics experiment will be repeated in its entirety.

Jesse Jackson in bid for Presidential candidacy

BY ANATOLE KALETSKY IN WASHINGTON

THE REV JESSE JACKSON, the leading black civil rights activist, announced yesterday that he is forming a campaign organisation to raise money to prepare him for a formal U.S. presidential candidacy. The decision could sway millions of votes and possibly determine the outcome of next year's Presidential election.

There will be major repercussions for President Ronald Reagan's chances of re-election—as well as for the prospects of white contenders for the Democratic presidential nomination including Mr Walter Mondale and Senator John Glenn — if, as now appears almost certain, Mr Jackson launches a full-scale bid for the Presidency later this month.

Although Mr Jackson has almost no chance of securing the Democratic Party nomination himself, his campaign could seriously damage the chances of Mr Mondale and assist Mr Glenn in next year's Democratic primaries, since the Left-leaning Mr Mondale is the candidate most blacks would support in the absence of a black contender.

However, Mr Jackson and a growing number of black politicians are now convinced that this risk is worth taking in order to galvanise a potentially huge number of normally-apathetic black voters for the Democratic Party's final election campaign against President Reagan in November.

At present there are 7m blacks in the U.S. who are eligible to vote but have never bothered to register. Since the black vote would go almost uniformly against President Reagan, whom opinion polls show is the most unpopular President in living memory among minorities, a successful black registration drive could well cost Mr Reagan the election.

Even in his landslide victory against President Jimmy Carter in 1980, Mr Reagan carried all but one of the Southern states by a smaller majority than the number of unregistered black potential voters. If a large number of these blacks had turned up at the polls, Mr Carter would probably still be President.

The nation's biggest civil rights organisation, the National Association for the Advancement of Coloured People (NAACP) has set itself a goal of registering at least 25 per cent of the unregistered black voters for next year's elections.

EEC presents U.S. with list of demands for tariff concessions

BY PAUL CHEESERIGHT IN BRUSSELS

THE EEC has presented the U.S. with a shopping list of tariff concessions it is demanding as compensation for the Reagan Administration's imposition of extra duties on special steel imports.

The products range from gin and whisky to machine tools. They are thought to cover about $570m worth of EEC exports to the U.S. European Commission officials are waiting for a response from Washington. Only if the U.S. government agrees to the principle of compensation can technical talks on products and tariff levels start.

If the U.S. refuses compensation, EEC foreign ministers are likely next month to consider some form of international action or retaliation against the U.S.

In early July, the Reagan Administration placed quotas on imports from steel bar, steel rods and certain alloy steels. It placed an extra 10 per cent tariff on stainless steels and strip and an extra 8 per cent on stainless steel plate. The quotas will be steadily raised over the next three years and tariffs progressively lowered over the next four years.

Under article 19 of the General Agreement on Tariffs and Trade (Gatt), a nation whose domestic industry is injured through surges of imports can take action by restricting imports. But the traditional application of this article carries with it the obligation to compensate affected suppliers by other trade concessions.

The EEC sought compensation on these lines at a bilateral meeting in Geneva with the U.S. last July. The list of products it has put forward as candidates for concessions have all been the subject of trade tensions in recent years.

The list includes carbon steel, steel-related products, such as automotive components, machine tools, woven textiles of wool and synthetic fabrics and other products, including spirits. No agricultural products are on the list.

A similar approach has evidently been adopted by Japan and Sweden, also suppliers of special steels to the U.S. market. Brazil, however, is thought to have approached the Reagan administration about negotiating an orderly marketing arrangement.

The EEC has rejected the possibility of such an arrangement, at least for the moment. This type of deal involves the supplier restraining sales in return for lower tariffs.

Dutch ship repair yard wins Peruvian order

BY WALTER ELLIS IN AMSTERDAM

A Fl 350m (£77.7m) order for the re-fitting and re-equipping of the Peruvian cruiser, Almirante Grau, has been placed with the Amsterdam ship repair yard, ADM, and Hollandse Signaal, a subsidiary of Philips. Other orders are expected to follow which could take the value of the deal to around Fl 1bn.

ADM, which made a profit of Fl 1.2m last year, but has aggregate losses of more than Fl 12m, has been negotiating the terms of an expensive state-aided recovery programme with the Government this year. The naval contracts from Peru should not only bolster ADM's case, but also ensure continued employment for the 1,100-strong workforce for the next two to three years.

The company, like other Dutch ship repair yards, has been facing mounting competition in recent years from yards in the Far East, especially in North Korea and Japan.

Hollandse Signaal, with 5,000 workers, most of them in Hengelo, near the West German frontier, is a successful high-technology company which develops and manufactures radar and other electronic guidance systems. It will supply combat control and weapons control systems for the Peruvian warship.

Last year during the Falklands crisis, it emerged that more British ships could have been fitted with the advanced Seawolf point-defence missile system if the UK had opted for a lightweight guidance system developed by Hollandse Signaal.

Success for Glaxo ulcer drug in U.S. market

By Carla Rapoport

GLAXO, Britain's largest pharmaceutical company, has scored an exceptional early success with sales of its new anti-ulcer drug, Zantac, in the U.S. market.

In the drug's second full week of sales in the U.S., Zantac accounted for more than 15 per cent of new prescriptions for anti-ulcer drugs and 6.5 per cent of the total U.S. market—currently worth around $500m—according to recent U.S. market research.

London stockbrokers James Capel are now saying that Zantac could eventually capture half the U.S. market for anti-ulcer drugs.

"In the first two or three weeks, you would normally expect them to sell a few cases of the stuff," said Mr Robin Gilbert at James Capel yesterday. "This response is extraordinary."

Zantac is challenging SmithKline's well-established anti-ulcer drug, Tagamet, in the U.S. market. Tagamet, with sales of close to $1bn world-wide, is the best selling drug in the world.

SmithKline Beckman in the U.S. said yesterday that sales of Tagamet have not declined since Zantac's launch on July 12. In fact, sales of both new prescriptions and repeats of Tagamet have been increasing by about 10 to 11 per cent, according to the company.

The new product, according to SmithKline, is expanding the market for anti-ulcer drugs overall, rather than eating into their drug's market share.

Glaxo's efforts with Zantac in the U.S. have been bolstered by a unique joint-marketing agreement with Hoffmann-La Roche.

Venezuela-USSR oil swap deal renewed

CARACAS—Venezuela will renew a lapsed oil agreement with the USSR this month sending 20,000 barrels per day (bpd) of ceuta crudes to Cuba, according to oil industry sources.

In exchange, the USSR will send 20,000 bpd of Soviet export blend oil to refineries at Gelsenkirchen.

Reuter

Michael Donne, Aerospace Correspondent, on the airlines' negotiations

Hopes for transatlantic fares move

AIRLINES FLYING the North Atlantic air route between the UK and U.S. meet in Montreal tomorrow to try to settle the controversial question of how much to charge their passengers this winter from October 1.

This will be the second attempt within weeks to solve the problem, a meeting in July having failed to achieve any agreement.

Some airlines on the route, notably Trans World Airlines and Pan American, both of the U.S., want to see cheaper rates this winter, so as to stimulate traffic in the customarily quieter months of the year.

PanAm, for example, has already asked for rights to sell tickets between the UK and up to 15 U.S. cities between September 17 and November 1? at rates as low as £156 single for mid-week travel, London-New York.

The fare that most airlines, including TWA and British Airways, appear to be favouring for the winter months as a whole, however, is a £249 return rate, London-New York, which compares with the £286 return fare that prevailed last winter.

At that level the airlines believe they can stimulate traffic but still earn some profits.

This fare was originally sought some weeks ago, but was disallowed by the British Government, on the grounds that it was not likely to be "commercially viable." The U.S. Government advised PanAm and TWA to accept the UK's ruling, pending the outcome of the forthcoming Montreal meeting.

The airlines favouring the £249 return rates are arguing that it is still higher than the £99 single (£198 return) that is being offered by People Express on its London (Gatwick)-New York (Newark, New Jersey) service.

TWA in particular, which flies between Gatwick and New York (Kennedy), believes that People Express is taking away traffic and it wants to compete with that low-fare airline more strongly.

British Airways believes that People Express is covering only a small sector of the market, and it is not too worried by that competition. But it agrees that for the winter months, fares must be brought down to stimulate traffic. So far, it has not given any details of its own proposals for tomorrow's meeting.

The airlines attending the meeting, including such other operators as British Caledonian, Air Florida, Arrow Air, Delta and American, recognise that it will be difficult to reconcile conflicting points of view.

The meeting, therefore, may be a failure, with no agreement. If that occurs, governments may well have to step in and direct airlines to charge whatever fares they feel are likely to encourage traffic without driving them into bankruptcy.

This fear of government intervention is likely to be the biggest incentive the airlines will have to reach some compromise solution.

The only other alternative would be an "open rate" or "free for all" situation, with every airline charging what it liked, regardless of the financial consequences.

Discount fares "wars" on the North Atlantic of the type seen in the past two to three years on U.S. domestic air services are regarded as unacceptable by the British Government.

Considerable diplomatic pressure, therefore, is being exerted on the airlines to try to achieve an agreement that would avoid either direct government intervention or fares wars.

For the summer season on the North Atlantic, however, the airlines are enjoying near-boom conditions, especially between the UK and the U.S.

Reports so far indicate that traffic eastbound from the U.S. to the UK is running at near record levels, although westbound to the U.S. it is less buoyant, but still good.

The increased traffic is due to two factors. First, the continued strength of the dollar against most European currencies has attracted U.S. tourists to Europe, and especially the UK, in substantial numbers.

Secondly, fares this past summer have been cheaper than ever before, with the People Express highly popular. People Express, with one daily 747 Jumbo flight, says it has been flying with up to 92 per cent of its seats filled.

The cheap economy rates introduced by other airlines at the start of the summer have also been a stimulus to traffic.

This boom in transatlantic travel is reflected in improved results at the UK's main airports. The British Airports Authority says that during June, its seven airports, including Heathrow and Gatwick, collectively handled 4.4m passengers, a rise of 7.1 per cent over June, last year.

Heathrow's traffic in June was up 2.6 per cent over a year earlier, at 2.42m passengers, while Gatwick's traffic was up by 15.4 per cent to nearly 1.4m.

The authority says that this improvement has been continued in July and the early part of August, although detailed figures have yet to be published.

While part of the improvement is attributed to the busier North Atlantic route, European scheduled service and holiday charter traffic out of Gatwick have both increased, by 23 per cent and 13 per cent respectively. Traffic to other parts of the world is also higher.

Concern in Spain over draft Morocco fish deal

BY DAVID WHITE IN MADRID

THE PROSPECT of an agreement involving sharp cuts in Spanish fishing rights off Morocco has provoked strong reaction in the Cadiz region and in the Spanish Canary Islands, where fishing is a mainstay of the economy.

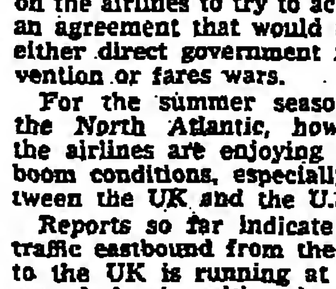
A preliminary document drawn up by Spanish and Moroccan representatives after six months of negotiations is believed to involve a progressive reduction of 40 per cent in Spanish fishing activity in Moroccan waters. This currently involves some 1,400 vessels.

The document, which leaves some points unresolved, has been submitted to the two Governments, which still have to sign an agreement. The reduction is a compromise on an initial Moroccan demand for a 70 per cent cut.

The proposed agreement also involves Spanish financial aid of some $800m to Morocco, and a 70 per cent increase in fees for catches in Moroccan waters.

Morocco has pledged not to interrupt fishing during negotiations. But since March it has been enforcing unilateral restrictions on a 12-mile zone off the former Spanish territory of Western Sahara, citing security reasons.

Lanzarone in the Canaries has lodged the bitterest protests against the plan. The island is less than 100 miles from the Moroccan coast and heavily dependent on its sardine fleet. A general strike to oppose the



proposed cuts has been called on Lanzarote for August 17.

Spain, which is also under pressure from the EEC and from Portugal to restrict fishing, saw its trade deficit in the sector double last year to over Pta30bn ($200m).

Sr Felipe Gonzalez, the Prime Minister, visited Morocco last March in an effort to improve relations with Spain's North African neighbour, but the fishing issue is likely to be a major hurdle in the process.

Lloyds' Dutch export credit

By Christian Tyler

LLOYDS Bank International has arranged a Dutch export credit of Fl 180m ($60m) for shiprepair yards in Nigeria. The bank says it is the first time that a bank outside the Netherlands has been given the lead in a loan of this type.

The guilder loan is being insured by NCM, the Dutch export credit insurance company. Funds are being insured by NCM, the Dutch export credit insurance company. Funds are being provided by Lloyds International, Standard Charter Bank and the Amsterdam-Rotterdam Bank.

Ship repair yards in Lagos and Port Harcourt are to be constructed by Royal Netherlands Harbourworks, a subsidiary of Hollandsche Beton Groep, NV., so that Nigeria can service its own merchant fleet and other vessels.

R-R secures Nigerian electrical project

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE has won a £33m contract to provide a major power station and rural electrification scheme in Nigeria's River State.

The scheme will be based on two Rolls-Royce packaged gas-turbine generating sets, each rated at 20 megawatts, which will be located at Kolo Creek and provide electric power for an area of over 1,000 square kilometres.

The project is described by Rolls-Royce as the most comprehensive electrical project it has yet undertaken. Fuel for the turbines will be gas currently being flared and wasted at the Kolo Creek oilfield.

Finance for the contract is a mix of buyers' credit (£19.5m) through the Export Credits Guarantee Depart (ECGD), and a Eurodollar loan ($27m) from a syndicate comprising Lloyds Bank, National Westminster Bank and Standard Chartered Bank.

● Rolls-Royce has lost a bitterly-fought battle with Pratt and Whitney of the U.S. to supply engines for a fleet of four Boeing 757 twin-engined short range jet airliners ordered by Singapore Airlines.

The airline announced its plan to order the Boeing 757s, along with six European A-310 Airbuses and six Boeing 747 Jumbo jets, earlier this summer.

Rolls-Royce was not involved in the Airbus A-310s, since it does not power that aircraft, but it was interested in swaying Singapore Airlines into buying its RB-211 engines in various versions for both the Jumbo jets and the 757s — the Series 524 for the Jumbos and the Series 535 for the Boeing 757s.

An announcement late last week by Singapore Airlines, however, dashed Rolls-Royce's hopes.

The airline said that it had chosen Pratt and Whitney engines, on the basis of compatibility with existing equipment "resulting in savings in tools and equipment and training, plus an attractive commercial offer."

Singapore Airlines is already an extensive user of Pratt and Whitney engines. It has selected the Pratt and Whitney PW-2037 engines for its 757s, and the more powerful Pratt and Whitney JT9D engines for its new Jumbo jets.

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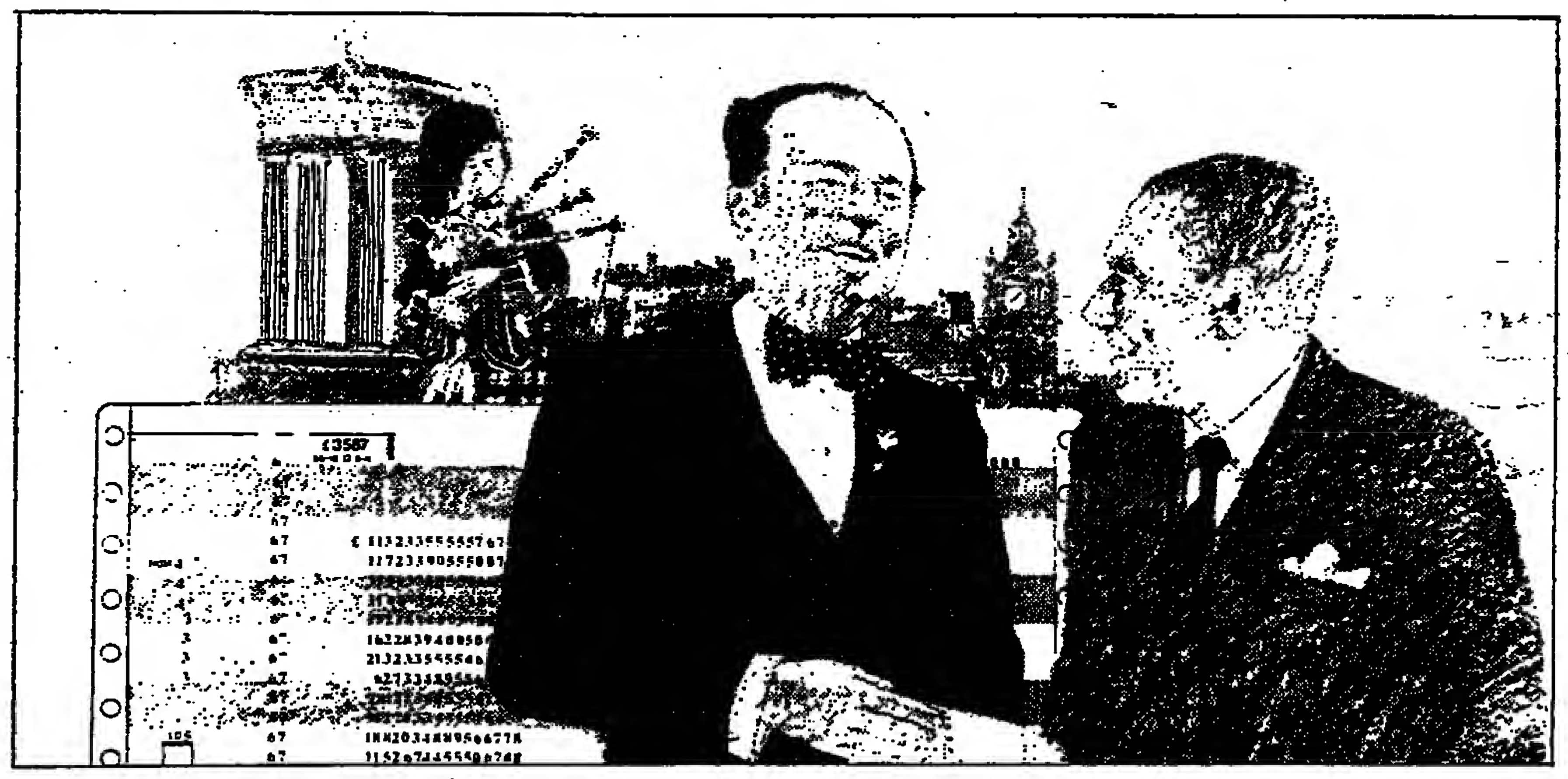

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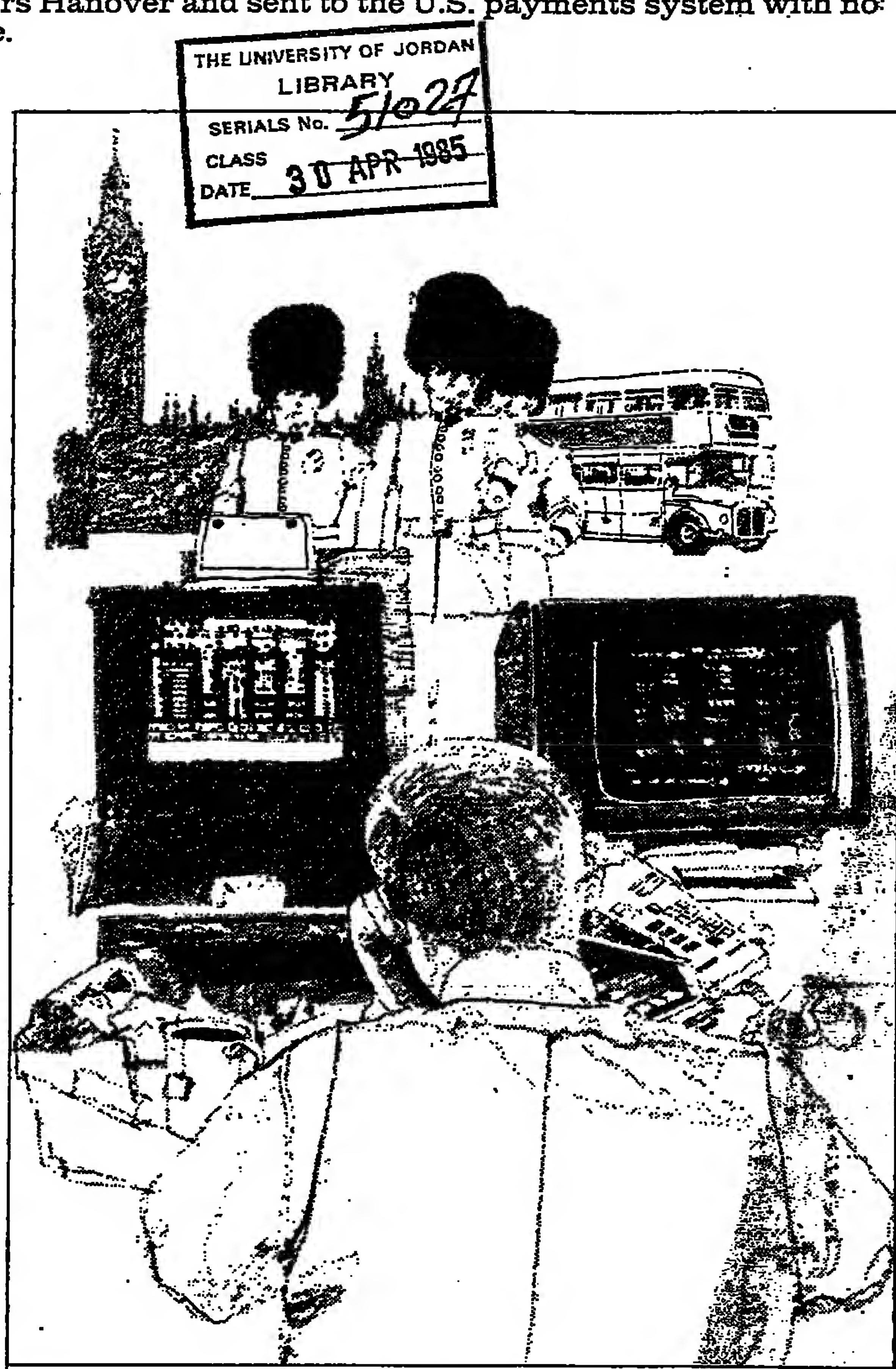

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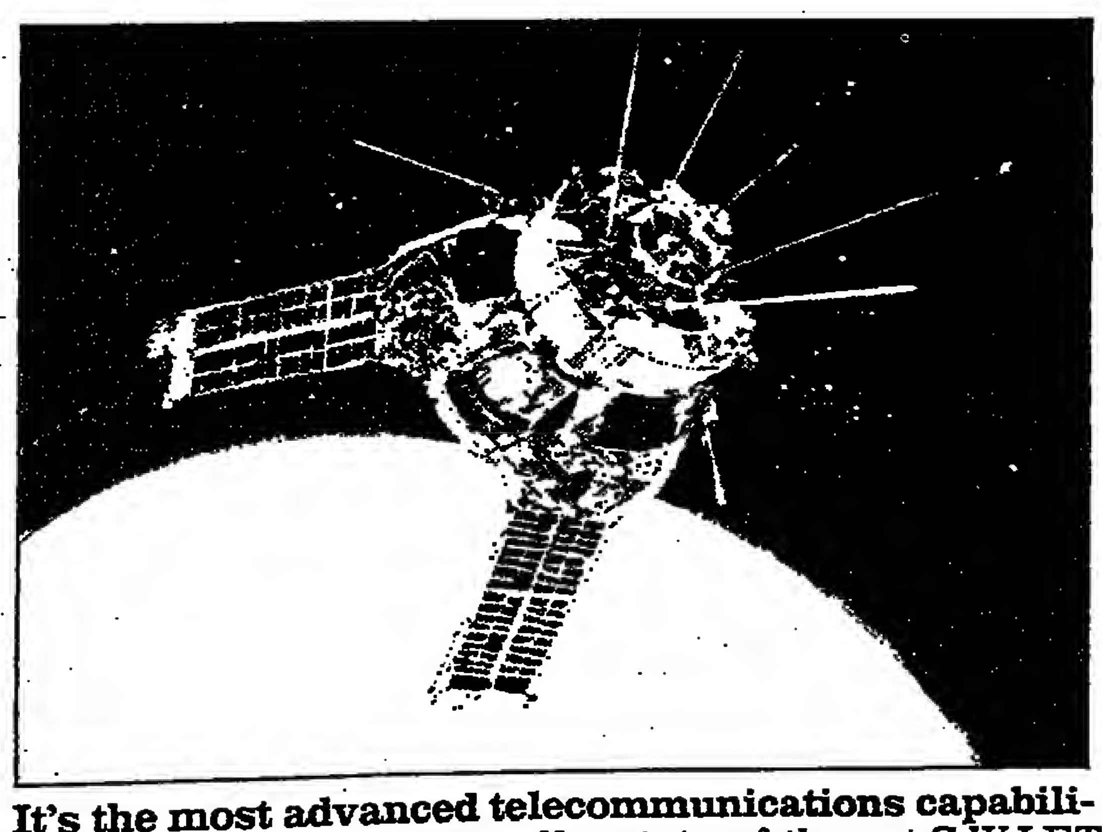

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Northern Irish police inquire into activities of Manx bank

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

AN INVESTIGATION is being made into the possibility of unlicensed deposit-taking in Northern Ireland by Investors Mercantile Finance, an Isle of Man bank with strong ties to the province.

Inquiries are being made by the Royal Ulster Constabulary (the Northern Ireland police), the Bank of England and Isle of Man authorities.

The "IMF," as it is known on the Isle of Man, had its licences as a deposit-taker revoked under mysterious circumstances last December.

A few days ago, two partners from the accounting firm of Peat Marwick Mitchell were appointed as provisional liquidators and official receivers. This action came two months after the bank was sold twice within a four-week period.

"It is nothing but a can of worms. Stay away from it," a Manx (Isle of Man) government official warned. Investigation of the deposit-taker is complicated by speculation that a portion of its deposit base might have come indirectly from the Irish Republican Army.

The bank was formed in March 1981 by Mr James Charles Brown, an Isle of Man management services consultant who is believed to have left the island. Mr Brown and his former secretary – Elsa Forrester – are shown in the bank's records as having been directors from March 1981.

Mr Brown started the company on behalf of Mr Dermot Ryan, a businessman from County Down in Northern Ireland. Mr Ryan was listed in the files as a director from May 1981, as was Mr David Ryan, his son.

An allotment of 100,000 £1 shares to Mr Dermot Ryan is shown to have occurred in August 1982, a move designed to provide paid-in capital for the bank. At about this time, Manx government officials began asking questions about Investors Mercantile, which is believed to have had deposits totalling £1.9m among 348 depositors.

These deposits, many held by groups of individuals in Northern Ireland, were generally in five-year fixed term accounts, with interest of up to 16 per cent.

Mr Ryan and his son were called in by Dr Martin Owen, the Manx commercial relations officer, in December 1982. They were asked to provide audited accounts of the bank and, according to Dr Owen, refused. The bank's licence was then revoked.

On January 11, the County Down offices used by Mr Ryan were searched by police and documents confiscated. Investigators claim that the bank might have been advertising for deposits in Northern Ireland.

It appears that the bank made property investments in Northern Ireland and elsewhere during its 21-month tenure as a licensed deposit-taker.

An executive involved in the bank's affairs says these properties included a County Down sports complex and a penthouse in Tenerife in the Canary Islands. The value of these properties is listed at about £3m in heavily qualified and recently audited accounts. One executive claimed that the bank's deposit base was now gone, having been spent on property and administration of the bank.

On April 27, the bank was sold to a London-based businessman for the sum of £1. The businessman operated through an Isle of Man company called Credit General.

Credit General owned the bank for just 28 days and then, sold it for £35,000 to Mr Owen Lewinton, chairman of Wealdfame, a property developer in the south of England.

Mr Lewinton said yesterday that he was in talks with the liquidators and was trying to secure agreement to his scheme for turning the bank into a property company.

The scheme asks the 348 depositors to convert their deposits into shares in a new Isle of Man property company. A meeting is scheduled in Belfast tomorrow for Mr Lewinton and the liquidators to negotiate this possibility.

On the Isle of Man, which has been hit by several banking scandals during the past year and only recently appointed its first banking supervisor, the Investors Mercantile affair is understandably worrying officials.

Health spending plans 'insufficient'

BY PETER RIDDELL, POLITICAL EDITOR

GOVERNMENT EXPENDITURE plans will be insufficient to maintain existing standards of provision in the National Health Service (NHS), according to revised Civil Service estimates circulating in Whitehall.

Officials have revised upwards the estimated annual growth in real resources required to keep up current levels of service in the NHS.

The increase is necessary because of demographic changes, chiefly the rising number of old people, and because of improvements in medical technology.

The new estimates are likely to be cited by the Department of Health and Social Security against any Treasury attempt to squeeze NHS expenditure in the forthcoming annual public spending review.

Indeed, the Department's expenditure will have to be raised above planned levels if services are not to deteriorate. This issue is entirely separate from the increasing burden of pensions which was recently quoted by Mrs Margaret Thatcher, the Prime Minister, as a major reason for holding a debate on the financing of the welfare state.

The whole question of the NHS's finances has become highly embarrassing for the Government in view of earlier public pledges by Mrs Thatcher that "the NHS is safe with us." A squeeze on spending in the hospital and community health service in this financial year and a cutback in future manpower announced last month, has added to that embarrassment.

The revision upwards of the estimates is because of the greater than expected call on services from people aged over 75. The result is that demographic factors are increasing real demand by nearly 1 per cent a year, compared with a previous figure of 0.7 per cent a year.

Agreement on U.S. steel pact held up

By Peter Bruce

THE BRITISH Steel Corporation (BSC) and United States Steel have been forced to extend negotiations on controversial joint venture proposals under which BSC's Ravenscraig works in Scotland would supply unfinished steel slabs to U.S. Steel's ageing Fairless plant near Philadelphia.

It is understood that political opposition to the deal in the U.S. and the UK and difficulties in agreeing financing for the venture mean that talks between the two could extend well into September. Earlier this year Mr Ian MacGregor, BSC chairman, gave a warning that unless the deal was completed by the end of June it would not go ahead.

Mr MacGregor, now hopes to present the Government with detailed proposals for linking the Ravenscraig plant, near Glasgow, to Fairless by early next month at the latest.

The Government will then have to decide whether to agree proposals which involve a British investment of $600m in U.S. Steel plants, the closure of steel finishing capacity at Ravenscraig and the loss of about 1,500 jobs in return for the sale of some 3.5m tonnes of semi-finished steel to Fairless over the next three years.

Political objections have been strongest in the U.S., with unions arguing that the deal threatens some 2,000 jobs at Fairless which, in turn, would close its steelmaking capacity to match the closure of finishing capacity at Ravenscraig. Federal and local politicians have also contended that the slab from Ravenscraig would be subsidised and, therefore, break U.S. steel import curbs.

The main stumbling block, however, appears to involve the cash injection that Mr David Roderick, U.S. Steel's chairman, is demanding from BSC before any deal goes ahead. Mr Roderick said in Pittsburgh last week that the UK side would have to put $600m into any joint venture.

Probe started into role of state export agency

BY CHRISTIAN TYLER, TRADE EDITOR

THE BRITISH Government is setting up a committee of inquiry into the status and functions of the Export Credits Guarantee Department (ECGD), the state agency which insures and underwrites finance for British exporters.

Part of the committee's job will be to decide whether some of the ECGD's work should be given to the private sector, or performed jointly with private insurers.

In this respect the inquiry could be seen as part of the Government's commitment to "privatisation". But severe international competition in the field suggests the committee is unlikely to recommend abolishing the 64-year-old department altogether.

The ECGD is one of the biggest agencies of its kind in the world. It insures about 37 per cent of UK visible exports and has a total credit exposure of nearly £30bn ($44.5bn).

An announcement of the Government's decision is expected soon. Among the names canvassed for chairmanship of the inquiry is that of Sir Peter Matthews, chairman of Vickers. Sir Peter is on holiday and his office could not confirm his appointment last night.

The committee will look more deeply into the organisation than the parliamentary Public Accounts Committee which has mainly been concerned with the ECGD's present financial plight, its staffing and efficiency.

One central question is whether the City-based department should cease to be a government ministry, run and paid for on Civil Service lines. Another is whether the financial risk that ECGD takes on should be split, whether commercial risk – such as buyers' bankruptcies – should remain with the ECGD.

The committee would also ask whether the ECGD is still competitive in the premiums it charges, especially since these have been considerably increased in the last couple of years in response to a very large increase in claims from exporters.

Private companies, including one from the U.S. are beginning to challenge the ECGD with packages of their own, more attractive to companies with economically stable export markets. The department's ability to offer the right variety of packages has been questioned.

Along with most of the other big export credit agencies of the world, the ECGD has been hard-hit by the trading recession and debt crises in the markets of Africa, the Middle East, Eastern Europe and now Latin America.

Trading results due out next month – earlier than normal – may show that the department is just about in deficit on one of its two accounts, and will shortly have to draw from the Consolidated Fund as the second account is also stripped of reserves.

Despite that, the department's financial targets – although overtaken by events – do not appear to be the main cause of the Government's concern.

The decision to set up an inquiry will please the Confederation of British Industry, which last September called for a thorough review of the ECGD in which exporters and the City could have their say. A CBI working party was unanimous in concluding that there should be "substantial change over a lengthy period of time."

An inquiry of the scope now proposed was last conducted 10 years ago, when the Scholey report concluded that because of its links with the Foreign Office the Department of Trade and with economic policy making generally, the ECGD should retain its full Government status.

Stanley tenders under scrutiny

BY IVO DAWNAY

GOVERNMENT officials were yesterday examining a series of confidential proposals for new ordnance storage and jetty facilities at Port Stanley harbour in the Falkland Islands.

The final decision among the six tenders submitted before last week's deadline expired will be closely analysed by politicians as an indicator of the level of the Government's commitment to the defence of the islands.

Details of the tenders are subject to rigorous Official Secrets Act controls. However, it is understood from Government estimates released earlier this year that the proposed expenditure on the new dock facility will range between £5m and £7m.

A more sophisticated plan submitted by the specially-formed Stanport consortium led by United Towing, the Hull-based offshore maritime group, offers a £13m floating dock development.

If this is chosen, defence analysts are certain to interpret the decision as further evidence of the Government's long-term commitment to maintaining a high military presence on the islands.

Other groups tendering for the contract include Sea Containers, SP Offshore, Neptune, International Transport Management and the St Helena Shipping Company.

The Stanport group – United Towing/Scruttons/North Venture Shipping Agencies and Samuel Montagu – puts the case for a floating dock based on linked steel barges, strengthened with walled cellular concrete.

Construction of the barges would be sub-contracted to Monks and John Laing who would build the dock at Graythorpe in north-east England. United Towing would then float the structure to the South Atlantic. Though the project is certain to be more expensive than other proposals, the consortium is confident that the Government's £5m to £7m figure is a serious underestimate. It will also argue that around 300 jobs would be created in the north-east if Stanport gets the go-ahead.

Details of other tenders are yet to be disclosed. However, it is understood that projects include schemes to use moored cargo vessels, or semi-sunken containerships with their superstructures replaced with concrete loading platforms.

A decision on the most viable tender is expected within weeks.

Brussels translation costs attacked

BRITISH translation companies have launched a campaign to win part of the official translation work of the European Economic Community, at present carried out by the EEC's own specialists.

The London-based Association of Translation Companies (ATC) claims that the Community is paying 6½ times the commercial rate per page. In 1979, this meant an additional cost of £52m.

In 1983, with the inclusion of Greek, the EEC's translation costs will rise to an estimated £127m. The ATC claims that the work would cost only £17m if sub-contracted.

The entry of Greece into the EEC has brought the number of official Community languages to seven.

Pay awards 'static'

THE SPREAD of pay settlements over the past year has remained static but "well above the low point of inflation," according to figures published by Incomes Data Services, the independent pay research organisation.

A summary of settlements from last October shows that pay rises have ranged from just under 5 per cent to a little over 7 per cent. This trend has continued in spite of inflation falling to about half its level at the start of the survey period.

Ward disposal

THE BIRD GROUP, a leading private company in scrap processing, has acquired the main scrap metal activities of Thomas W. Ward. Bird is now one of the two largest scrap businesses in the UK. The other is Coopers (Metals).

Ward announced in February that it was abandoning the bulk carbon steel scrap business after making losses of £1.5m in the last nine months of 1982.

Tool orders flat

MACHINE tool makers say they see little sign of an upturn in orders despite forecasts of increased capital spending by industry over the next few months. Sales of British machine tools last year of £424m were 28 per cent below the peak level of 1980.

Tricentrol wins stake in Chinese oil search

By Maurice Samuelson

TRICENTROL, the independent UK oil company, said yesterday it was delighted at being included in the latest Chinese offshore oil exploration awards. It hoped this would enhance its prospects of being awarded further Chinese contracts.

The company, recently the subject of takeover rumours after management changes and the death of its exploration director, won a 10 per cent stake in two international consortia which will explore parts of the promising Pearl River basin in the South China Sea.

The consortia are led by Occidental Petroleum, whose chairman, Dr Armand Hammer, signed the contracts on Saturday with the China National Offshore Oil Company.

Tricentrol said that its holdings in the consortia put it in the same position as in the North Sea Thistle oilfield, from which it derives most of its profits.

"A good discovery in the Pearl River basin could transform us as a company," Tricentrol added.

The contracts with Occidental are the second and third signed under the first round of bidding in China's offshore oil development programme.

Lotus seeks tighter Toyota links

BY JOHN GRIFFITHS

GROUP LOTUS, the specialist car and engineering group founded by the late Colin Chapman, has a radical plan to increase car output at least five-fold at little or no risk to shareholders.

It is approaching Toyota, Japan's largest car-maker with which it has a collaboration agreement, to commission as its own the new Lotus sports car – the M90 – intended for launch in 1985.

The plan would mean Toyota paying for the car's development and for putting it into production at the Lotus plant at Hethel, Norfolk. Lotus would in effect become the subcontractor for the car, in the same way it was paid £12m to develop the De Lorean. The M90 would then be marketed by Toyota, with almost all output going to the U.S.

If it proved to be a big sales success, Lotus would then expect Toyota to build the car also at one of its own plants since Lotus is planning a maximum capacity at its factory for the M90 of 5,000 units a year. Lotus would receive a royalty on each Toyota-built car.

The M90, at under £10,000, is destined to use Toyota engines, gearboxes and other parts under the collaboration agreement signed between Lotus and Toyota just over two years ago. The agreement also provides for Lotus to carry out research and development work for the Japanese maker.

Lotus has already begun using some Toyota components in its existing cars – the £14,000 Excel model launched last year has a Toyota gearbox.

The M90 strategy has been formulated by Lotus directors while they prepare for an extraordinary general meeting of the company on August 15 at which shareholders are expected to approve proposals from Mr David Wickins' British Car Auctions (BCA) group and Toyota for the injection of £4.69m of new equity finance into the company.

A sub-contract on the M90 is seen by Lotus as the ideal path for the company to take, because even the refinancing already undertaken is inadequate to cover the new car's costs, estimated to be £7m. Toyota's response will not be known for some time after this month's meeting; but even if the Japanese do not agree to a deal in this precise form, both companies remain committed to the car's production.

Mr Fred Bushell, Lotus chairman and Mr Michael Kimberley, managing director visited Tokyo after the refinancing package was announced. The outcome, according to a Lotus spokesman, was "the pressing of the final button which will take M90 into production."

The refinancing plan involves BCA acquiring 3m new shares by cash subscription, raising £1.2m. Toyota is to inject £1.16m by taking up a further 2.9m. In addition, existing shareholders are being invited to subscribe for 5.83m shares via a rights issue on a 1-for-1 basis at 40p a share. The issue is to be underwritten by BCA and will raise £2.33m.

Depending on the extent to which other shareholders take up the offer, BCA could end up with a maximum holding of about 47 per cent, although Mr Wickins has pledged not to vote on more than 40 per cent. Toyota will have 16.5 per cent.

The existing and potentially much closer links between Toyota and Lotus explain why, through the Inchcape Group, Toyota was negotiating to inject capital into Lotus before BCA came along. There was no 'contest' between the two.

Toyota could not afford to see Lotus go under, but it was anxious about the political reaction to it assuming control, and the effects on Lotus' contract engineering business.

Lotus sees half of its revenue coming eventually from providing engineering and research and development services to volume car makers and other companies. Much potential business, clearly, could have been frightened away.

Bedford plans Suzuki van deal

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BEDFORD, the General Motors subsidiary, is in the final stages of negotiations with Suzuki to build a Japanese microvan at its plant at Luton, Bedfordshire.

This would be the second Japanese van to be assembled at Luton. Bedford recently announced that it would begin building the Isuzu WFR one-tonne vehicle at the end of next year.

Mr J. T. Battenberg III, Bedford's general manager, is enthusiastic about the potential for the Suzuki venture which he feels will open up another market for Bedford.

While Mr Battenberg gave no more details, it is thought that the model under consideration is likely to be the successor to the present Suzuki ST 90 model.

Suzuki's output of small commercial vehicles last year reached about 490,000. It sold 3,000 microvans – tiny panel vans with engines of under 1 litre – a year in the UK until light commercial vehicles were brought into the terms of the Anglo-Japanese "gentlemen's agreement" restricting sale to under 11 per cent of the total market.

In line with Bedford's policy for the Isuzu WFR van, the aim would be to lift EEC content, measured by ex-factory value, to 80 per cent as quickly as possible.

As "European" vans, the vehicles would then have free access to markets such as Italy and France which also severely restrict Japanese imports.

Docklands site planned for satellite station

BY RAYMOND SNODDY

BRITISH TELECOM International (BTI) is to build an earth satellite station in London's docklands.

The station, which will have two 13m diameter dishes, is London's first and will come into operation early next year. It will transmit television programmes to cable and TV systems in both the UK and Europe and also business services.

Mr Mike Ford, chief executive of BTI, said yesterday: "This ambitious plan for developing an earth station in the heart of London's dockland will guarantee services for both existing businesses in the capital and those new industries attracted to London by the revitalisation of the docklands area."

BTI's earth station, which will be built in North Woolwich, close to the old King George V dock, could end up staring at the private sector dishes of a Mercury Communications station.

Mercury, the private telecommunications network company, has also applied for planning permission for an earth station in London dockland – about two miles away from the BTI site.

GEC-Marconi won the contract, worth £2.25m to supply Mercury's first earth station. The total cost of the plan, which will be used to link Mercury with an Intelsat satellite over the Atlantic for calls to North America, will be £4m.

BTI already has two large stations, at Goonhilly, Cornwall, and Madely, Herefordshire, and another is planned in the Dorset-Somerset area.

The group said yesterday it had already run electrical interference tests in the docklands area and was satisfied it was possible to have such an operation in the centre of London.

BTI already provides, via the Orbital Test Satellite, television transmissions to cable TV networks in Europe. These would be transferred to the European communications satellite using the new dockland service. The second aerial will be used to distribute up to six TV programmes to UK cable TV networks.

● The BBC has reached agreement in principle with Belgian cable operators for the showing of both BBC 1 & 2 television channels on Belgian cable networks.

When the deal is signed it could mean several million pounds a year for the BBC and other copyright owners involved in the BBC's output.

Westland opens in U.S.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WESTLAND, the helicopter, hovercraft and engineering group based at Yeovil in south-west England, has set up a wholly-owned subsidiary in the U.S.

The new company, called Westland Inc, based at Crystal City, Virginia, will expand the group's activities throughout the U.S., Central America and the Caribbean.

Mr Robert J. Gladwell, who has held posts in the U.S. with British Aerospace and Rolls-Royce, will be president and chief executive officer. The chairman will be Sir John Treacher, who is also group marketing director of the main company.

The major divisions of Westland are Westland Helicopters, British Hovercraft, Normalair-Garrett, Westland Engineers, FPT Industries and Saunders-Roe Developments. The group employs about 12,000 and in 1982 made a pre-tax profit of £23.9m from sales of £284m.

Westland Helicopters has just received orders from the UK Ministry of Defence for 15 helicopters, worth £24m. The ministry had already ordered another 16 helicopters from the company in recent months.

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9½%	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	10 %
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	9½%
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	10 %
Bank of Scotland ‡‡	10 %	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	P. S. Refson & Co.	9½%
Barclays Bank	9½%	Roxburghe Guarantee	10 %
Beneficial Trust Ltd.	10½%	Royal Trust Co. Canada	9½%
Bremar Holdings Ltd.	9½%	Standard Chartered	9½%
Brit. Bank of Mid. East	9½%	Trade Dev. Bank	9½%
■ Brown Shipley	10 %	Trustee Savings Bank	9½%
CL Bank Nederland	9½%	TCB	10 %
Canada Perm't Trust	10½%	United Bank of Kuwait	9½%
Castle Court Trust Ltd.	10 %	United Mizrahi Bank	9½%
Cayzer Ltd.	9½%	Volkskas Intnl. Ltd.	9½%
Cedar Holdings	10 %	Westpac Banking Corp.	9½%
■ Charterhouse Japhet	9½%	Whiteaway Laidlaw	10 %
Choulartons	10 %	Williams & Glyn's	9½%
Citibank Savings ¶	10 %	Wintrust Secs. Ltd.	9½%
Clydesdale Bank	10 %	Yorkshire Bank	9½%
C. E. Coates	10 %		
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee

* 7-day deposits 6%. 1-month 6.25%. Short-term £8,000/12-months 8.6%.

† 7-day deposits on sums of under £10,000 6%, £10,000 up to £50,000 7%, £50,000 and over 8%.

‡ Call deposits £1,000 and over 6%.

21-day deposits over £7,000 7%.

§ Demand deposits 6%.

¶ Mortgage base rate.

‡‡ Money market cheque account = 9.25%. Effective annual rate = 9.65%.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Why Olivetti is promoting the venture capital cause

BY TIM DICKSON

Olivetti's Carlo de Benedetti and Elserino Piol

MEMO from Carlo de Benedetti, chief executive of Olivetti, to other major European manufacturers: "I have seen venture capital in the U.S.—and it works."

That at any rate would be *one way of summing up* proceedings at a recent conference in Venice—one of a number of events organised by the Turin-based office equipment supplier to celebrate the 75th anniversary of its birth.

The choice of subject was appropriate—not least because venture capital is highly topical in Europe at the moment but also because the decision by Olivetti to set up its own venture capital operation in the U.S. 2½ years ago to make equity investments in small but innovative high technology businesses probably ranks as one of the more unusual in its distinguished history (see Management Page, November 8, 1982).

In common with its U.S.-based venture capital rivals Olivetti saw the chance to reap big profits from backing those high risk enterprises which banks and other more conventional sources of finance traditionally shun. But an important complementary motive was to keep the company up to date with new ideas and products in the world's biggest electronics market providing, as the experts put it, "a window on technology."

A number of large U.S.-based corporations have already pursued the same policy—not always with success—but Olivetti claims to be the only major European industrial group to do so. More important its results look impressive. The portfolio of 21 companies—ranging from manufacturers of integrated circuits and micro floppy disks to suppliers of bank software and portable terminals—is now worth an estimted $120m, or *exactly double what it cost.*

Encouraged by this performance Olivetti predictably plans to step up its activities and hopes to launch a new venture capital partnership—with funds of perhaps $100m—later this year. More surprisingly perhaps it is desperately keen that others should follow its lead, notably by making available venture capital to potentially high growth European ventures (Olivetti itself has so far only made two or three "venture capital" investments in Italy but intends in future to be more active in Europe, particularly in Britain).

Explains de Benedetti, "We are not afraid to create competition. We have an interest in seeing large and small companies *in the office equipment* and data processing fields growing and prospering and equipping themselves with the latest ideas. We can learn from them and as a result we can develop better systems and products for ourselves."

A major theme of the conference, however, was the difficulty of bringing the U.S. venture capital model across the Atlantic. De Benedetti himself pointed out that while Italy has one of the highest savings ratios in Europe—which would suggest that money is not in short supply—the country's economic system is immobile, management skills are weak and entrepreneurs do not command the "central position" in the country they deserve.

Professor Jody Vender, managing director of the fledgling Italian venture capital outfit *Finnova, said that the barriers* to venture financing in parts of Europe are likely to be considerable. Among the problems in Italy that he mentioned were the high rates of capital gains tax (income by contrast is relatively lightly treated), the high current level of interest rates, "unfair" competition from the state in the form of high yielding tax free bonds, and the glaring inadequacies of the Milan Stock Exchange, including the lack of an over the counter market for individuals or funds to cash in their investments.

Big companies in Italy, added Vender, have "no culture of acquisitions to acquire technology" while many small ones "do not wish to become big and take on risks such as dealing with the unions."

Nor do they like giving away a share of their equity. Added Vender, "most small companies are looking for loans when they come to us. The Italian entrepreneur wants to hang on to *100 per cent of his* company and generally distrusts a financial partner who wishes to get closely involved.

"Nevertheless many of them need management support and extra capital and we should persevere in spite of the difficulties.

"Unfortunately we have had no help from the banks; in some cases they have put obstacles in our way."

Elserino Piol, Olivetti's director of corporate strategy, discussed the background to Olivetti's venture capital activities. "We started getting involved in 1980 when we realised that most of the more interesting innovations were coming from small U.S. companies being backed by venture capitalists rather than companies of our size. We wanted to be where the new ideas were being developed."

Piol admits that mistakes have been made and that "initially Olivetti was met with considerable scepticism." He stresses, moreover, that big companies "should not treat the businesses in which they invest as venture capitalists as divisions of their own organisation. These companies should be allowed to develop a style of their own.

"Big corporations should behave like venture capitalists. They should assess the management, the markets and the products and invest on the basis of these criteria. In almost all the cases where things have not worked out for us it seems to have been because we looked primarily at the technology, not the management, and then tried to develop it within our own organisation."

Piol adds that while Olivetti has close links with many of the companies in its porfolio, "these are as informal as possible, and are based on human relationships. Expanding businesses need quick decisions and need to be flexible and independent. While, for example, we like to be able to sell them our products, the managers are free to decide which suppliers to use."

Olivetti attributes its success to close contacts with other U.S. venture capitalists (an important part *of its* "learning curve"), its *profit orientated* approach, and its small internal venture capital management team, which is composed of senior executives of the company.

In future, says Piol, Olivetti hopes to invest in businesses at an earlier stage of development than has been the case in the past.

Italians still favour total control

"A POLITICAL party in Italy may well govern the country with less than 50 per cent of the vote," jokes Ruggero Zerbetto of the Padua-based lighting business which bears his name. "But the proprietor of a company can only run his business if he owns 100 per cent of the shares."

Zerbetto also happens to be chairman of the Small and Medium Sized Industries Association for the Veneto Region (Associazione Piccole e Medie Industrie di Padova e Provincia) and he talks expansively over a glass of wine of what he calls "the Italian mentality."

"I can't conceive of selling the shares in my company," he explains. "Mine is a family business and it is essential that the capital remains in the hands of one or two people so that decisions can be made quickly."

Very few like to relinquish their hold on equity, but the *comments of Zerbetto and* another API member, Luigi Brustio, boss of the privately owned domestic boiler company Elbi, suggest that the idea is less palatable in Italy than it is elsewhere in Europe.

Such resistance is particularly frustrating for budding venture capitalists in Northern Italy, for the Padua region — where unemployment at 7 to 8 per cent is significantly lower than the national average, is one of the more prosperous parts of the country and companies like Zerbetto and Elbi—both shrewdly managed and active in export markets—are just the sort in which outsiders love to invest.

Zerbetto was founded by the present proprietor's *father just after* the Second World War and established itself by constructing supports for the first neon and flourescent lights imported from the US. By the end of the 1950s the company had representatives all over Italy and by the middle of the decade had started exporting to former Italian colonies in North Africa. Today it employs 85 people and chalked up sales last year of L5bn (£2.1m), some 17 per cent of which go overseas. (The figure used to be 30 per cent but Zerbetto stopped dealing with Libya because of payment problems.)

Zerbetto attributes his company's success to good design work (sub-contracted to independent specialists), its emphasis on quality, its commercial awareness and its ability to supply customers quickly from stock. He nevertheless feels interest charges represent too high a percentage of sales and that the Government should exempt reinvested profits from taxation.

Zerbetto light fittings are used mostly in offices, banks, hospitals and in street lamps —a two-tone colour fitting is installed at Gatwick Airport for lights which illuminate the gardens.

Elbi, on the other hand, is still a first generation business started by Brustio during the construction boom 15 years ago. A welder by trade with Lech Walesa looks and a working class background, Brustio has built Elbi into a company with 130 employees and sales of L9.5bn, of which 35 per cent go outside Italy. He has just moved into spanking new premises outside Padua, a far cry from the small workshop where he started with family savings.

Why he should have succeeded where many others failed is not a question which *preoccupies* Brustio, who prefers to let his more articulate 22-year-old son Paolo do the talking. Both are agreed that their efficient production line, diversified markets and sound financial structure have something to do with it. They have never dreamt, though, of bringing in outside shareholders.

Exporting, meanwhile, holds no fears. Starting four years ago with trade fairs and exhibitions, the company now sells its range of copper and steel boilers in France, Spain, Belgium and Scandinavia.

"Selling abroad is easier than selling in Italy because we are dealing with big importers rather than lots of little wholesalers," says Paolo. "We get help from API and all in all there is less administration.

"I admit that security of payment is sometimes a problem but we would be in difficulties now if we hadn't looked for orders from abroad."

In brief . . .

FOLLOWING A pilot scheme in five areas of the UK last year, the Government's Enterprise Allowance Scheme is now operating nationwide. A sum of £54m has been set aside for the next two years to offer £40 a week for up to 12 months to unemployed people willing to start their own business. Applicants must be over 18, have been unemployed for at least 13 weeks, be receiving unemployment or supplementary benefit, and have £1,000 of their own to invest in the *venture. The aim of the* scheme is to offset the loss of benefit normally suffered in this situation.

First contact should be made with a local Job Centre, which will provide fuller information and access to counselling from the Department of Industry Small Firms Service and the Council for Small Industries in Rural Areas (CoSIRA).

The Co-operative Bank, in conjunction with two major accounting firms, is also offering free advice to "suitable applicants."

●

THE NATIONAL Federation of Self Employed and Small Businesses feels that TV gives business a bad name. Reporting the findings of two U.S.-based media studies in last month's issue of its internal newspapers, the NFSESB notes that one survey of programmes (many of which are also seen in the UK) found that two out of three businessmen are depicted as greedy, foolish or criminal while almost 50 per cent of businessmen's work as portrayed on TV is criminal. Among other things the second survey showed that businessmen accounted for 26 per cent of all murders on television shows.

"As far as TV and the media in general are concerned, we are treated far worse than any ethnic minority," bemoans the federation.

●

THE ASSOCIATION of Independent Businesses (AIB) is not going to allow the new Government to bask in the apparent glow of its 100 or so measures for small firms. Philip Bayliss, chairman of the AIB's executive committee, says he is appalled "that Government's initiative for independent firms is running out of steam." In particular, he is annoyed by the continued lack of Cabinet representation and the way, he claims, that ministers exaggerate their achievements.

"The costs incurred by the Government's *small* firms measures, including the Small Firms Service and the Loan Guarantee Scheme . . . is very small indeed when consideration is given to the size of the small business community."

●

"THE LONDON Co-op Trade Fair and Conference," the *first event of its kind, is to be* held in the Town Hall, Kensington, next February 21 and 22. The Greater London Enterprise Board, one of the sponsors, says every effort will be made to attract custom to the Fair, which will be promoting alternative forms of ownership and industrial democracy. London has around 150 worker co-*operatives employing* more than 1,500 people.

●

SMALLER manufacturing firms are *showing* greater signs of recovery than large ones, according to the Confederation of British Industry's July Industrial Trends Survey.

Stressing that recovery was from "a very low base," the CBI *points out that for* the first time in four years employment levels in the smaller manufacturing sector have stopped falling while business optimism and export confidence have improved.

●

AN ACCOUNT of the growth of clearing bank services for *the smaller firm* (*from the* banks' point of view) is included in the latest edition of "The Banks and Small Firms" from the Banking Information Service. Copies from 10 Lombard Street, London EC3V 9AR.

●

A FOURTH—and substantially revised — edition *of* "Money For Business" has been published by the Bank of England and the City Communications Centre. First published in June 1978 it has sold 190,000 copies and has since been copied by a number of better written imitators. The directory of public and private sector sources of finance at the back, however, is as comprehensive as any. *Price £2.50 (inc. p and p)* from the Bulletin Group, Bank of England, London EC2R 8AH, and from the City Communications Centre, 7th floor, The Stock Exchange, London EC2 1HH.

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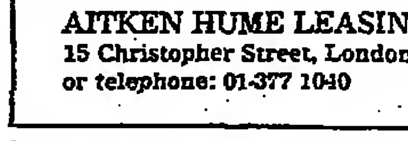

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TECHNOLOGY

EDITED BY ALAN CANE

LARGE SCALE EXPERIMENTS WITH THE REVOLUTIONARY MEMORY CARD ARE RUNNING IN THREE FRENCH CITIES

The 'electronic chequebook' makes its debut

BY ALAN CANE, RECENTLY IN CAEN

MEMORY CARD, Chip card, *carte a memoire:* call it what you will, the French caught the imagination of the banking world with the idea of squeezing a whole computer into a conventionally sized credit card and using it as an electronic chequebook.

But to the girl minding the till in Mi-temps Buon Sports, a sports goods shop in the middle of Caen, France, the excitement of demonstrating what must be the most advanced form of electronic payment anywhere in the world seemed to have become almost routine.

"Yesterday, it was Canadians" she said "Every week somebody comes to see our system working."

And work it does, even if she had to hunt out the customer PIN (personal identification number) pad from its home at the back of the counter and blow the dust off it.

It is still early days in Caen, one of three cities where the French are experimenting with the memory card, with about 300 shops displaying the *Ici payez avec IPSO* sign (IPSO is the name for the memory card experiment in Caen) and only 10,000 cards issued in the region; far too few to judge if the experiment will prove the memory card to have solved the problem of cheque truncation—cutting the financial paper trail short at the point of transaction.

It was cost that held the banks back in the early days. In fact the PTT took the lead in 1979, financing the memory card programme and establishing the Groupement d'Interest Economique (GIE) a co-operative venture between the French banks and the manufacturers financed at FFr 30m to develop the smart card and provide central clearing facilities.

Caen is one of three sites where the memory card is being tested. There the card has been developed by Philips, the Dutch-based electronics giant. In Blois, the card has been fabricated by Cii-Honeywell Bull, the French state-owned computer company; in Lyon, a slightly different kind of card using what is called "cabled logic," based on memory rather than a microprocessor is being tested by Flonic Schlumberger, the electronics multinational.

On the left, a customer inserts his IPSO card into the customer PIN pad on the counter of Mi-temps Buon Sports in Caen; the cashier monitors the transaction on the IPSO terminal in the centre. Note the IBM electronic cash register running the shop's stock control system. On the left, M Gilles Fontaine, in charge of IPSO marketing for Credit Commercial de France in Caen, reviews his purchases on the bank's customer inquiry terminal

The memory card experiments are part of a series of ambitious experiments the French have undertaken in electronic funds transfer at the point of sale.

Others include an offline experiment (where there is no direct connection between the point of sale (POS) terminal and the bank) using conventional magnetic stripe cards launched by Visa/Carte Bleue and an online system (immediate electronic link between POS terminal and bank computer) called Point Rubis in St Etienne.

Using the memory card—at least in the Philips version at Caen—in very simple. Each bank customer taking part in the experiment is issued with a card which is exactly the same size as a conventional bank card together with a note of the value and number of transactions which can be carried out using the card—conventionally 8,000 francs a month or 174 transactions.

In the store, the customer simply inserts the card into a slot in the customer's part of the point of sale terminal (the PIN pad) and from that point onwards is guided through the transaction by messages on a small screen on the PIN pad.

Entering the correct PIN through the keyboard allows the transaction to go ahead and it is recorded electronically both in the card and in the terminal.

The terminal record, in fact, is stored in a special memory, the cartette, which can hold transactions for one or two days together with the all-important "hot list" of lost or stolen cards.

Contents of the cartette can be despatched to the bank over the telephone lines in a single five or ten minute burst at the end of the day.

Should the customer wish to know the contents of his or her electronic cheque book, customer enquiry terminals will be provided in bank branches: the Credit Commercial de France (CCF) is the first in Caen to have such a terminal .The customer simply inserts the IPSO card, keys in the PIN number and then told how much has been spent, how much is left together with "housekeeping" information like the card number and the date of expiry.

The complete list of transactions can be examined on the screen.

But the question remains: why have the French — and the manufacturers working with them — gone to such lengths and expense to develop such splendid technology when conventional online or offline techniques using magnetic stripe cards will do the job just as well — and are the choice of most of the world's big banks.

According to M Andre-Jacques Selezneff, in charge of marketing the Philips version of the memory card worldwide, the answer is both cost and security. There is for example, the high cost and difficulty of establishing an online network coupled with the expense of a telephone call each time a card is validated online: "Will a shopkeeper pay FFr 150 a day, just to ensure he is going to be paid," M Selezneff argues.

The sums in Caen add up like this, M Selezneff says: There are 250 outlets each costing the banks and CIE FFr 30,000 for capital equipment=FFr 7.5m. 50,000 cards will be distributed at a cost of FFr 120 each= FFr 6.0m. A total investment of FFr 13.5m.

Each card can record 174 transactions, so the possible number of transactions for the first set of cards=8.7m.

So cost to banks per transaction on original capital investment amortised over one year 13.7/8.7=FFr 1.55.

Telecommunications costs for the computer centre are estimated at FFr 0.07 per transaction.

Giving a total cost per transaction of 1.55+0.07=FFr 1.62 compared with the generally agreed figure of FFr 5.0 per transaction for cheques cleared in the usual way.

M Selezneff points out that this calculation does not include clearing charges of say, FFr 1.00 per transaction giving a total cost for a transaction carried out using the memory card at about FFr 2.50 — still about half the conventional cost of cheque clearing.

Why should companies like Philips show such interest in memory card technology? M. Selezneff admits that development costs already top FF 25m while funds made available by the French PTT are about 20 per cent of that. The answer is that the card has potential uses well outside the banking arena. Philips is carrying out a study called "Rapids" for the U.S. Department of Defense which is based around "access control systems"—or the intelligent identity card. Other uses include telephone call payments (Schlumberger is working on this with its simpler card), teletel, toll television, training records, medical records and so on.

Nevertheless, even if Caen, Lyons and Blois prove the value of the memory card, the banks are unlikely to ditch their magnetic stripe technology overnight: "The banks have to live for another five years with magnetic striped cards for they have not yet amortized their investment in automated teller machines and card dispensers," M. Selezneff points out.

The French PTT and the card manufacturers are, meanwhile, busy looking for new markets for the memory card. What do bankers from other countries think of it? Mr Gordon Reeve, newly appointed general manager of National Westminster Bank's Management Services Division is perhaps typical: "It is a very interesting development, but it does not have the flexibility of the cheque."

"The cheque is perhaps the most flexible and best method of payment ever devised—finding something better is going to be difficult."

It is too early to say whether the answer to the cheque is being tested in Caen, Lyons and Blois—when 120,000 cards are in distribution the picture will be clearer—but there is no doubt that the memory card is a viable method of EFT/POS funds transfer. What do the shopkepers think? "Magnifique!" was one response.

Instrumentation

Detection of sound direction

A NOVEL technique which offers the possibility of very precise location of sound has been developed by the Department of Physics at Heriot-Watt University, Edinburgh, Scotland.

A team led by Professor Philip Harper used a hemispherical metal shell suspended in electrically insulating fluid by its apex. Sensors are mounted around the ring edge of the hemisphere making it possible to analyse mathematically modes of vibration in the ring; a vibrating wine glass is a good analogy.

The mode of the vibrations detected can be compared with reference patterns given by sound from a known direction.

The British Technology Group is securing patents; more on 01-403 6666.

Safety

Portable particulates gauge

QUALITY ENVIRONMENT of the UK have launched what it claims is the first commercially available portable unit for the automatic determination of particulate matter collected on membrane filters.

The unit—the Gelaire Beta Gauge — is designed to eliminate time consuming and expensive methods such as the use of skilled laboratory technicians to dry and weight the membrane filter for weight determination.

Intended for the analysis of filters from personal dust samplers and cyclones, the gauge weighs only six kilogrammes and so can be used outside the laboratory. More on 0242 33220.

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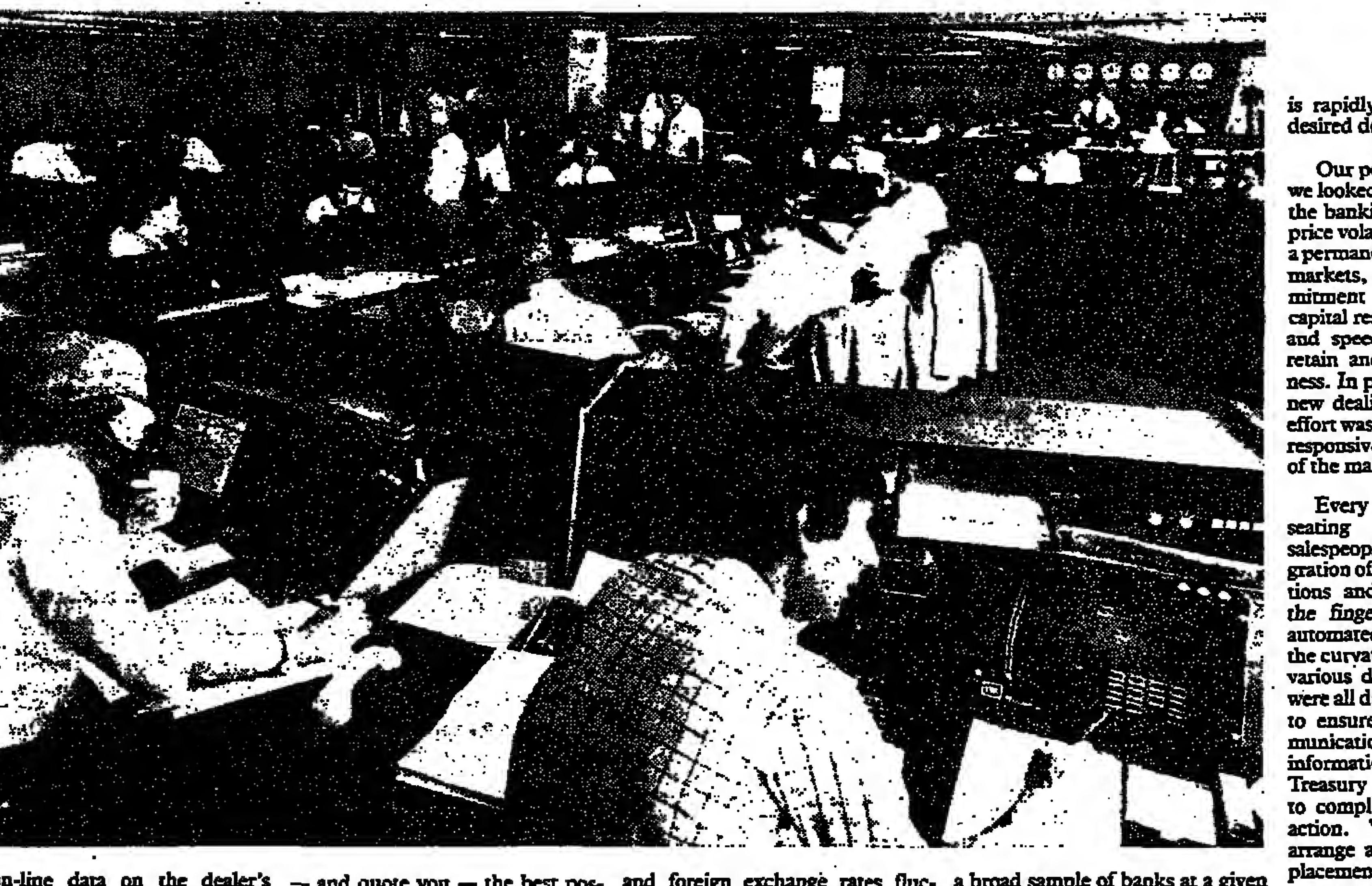
A QUANTUM LEAP FORWARD IN CHASE TREASURY DEALING

CHASE

The Chase Manhattan Bank has opened its new treasury dealing room in London and launched a major drive to capture an increasing share of this important market.

BY HOWARD I. ATKINS VICE PRESIDENT, TREASURY EXECUTIVE WESTERN EUROPE AND AFRICA



"Willy — spot cable" yells the Chase foreign exchange salesperson across the dealing room — "Ninety seven — Oh three around five" is the immediate response from the chief dealer. The salesperson quickly relays the price to his customer through his phone headset. The atmosphere in the room is charged. Will the price be agreed? How large is the transaction? Will the market move before the deal is done? Suddenly — "Twenty five million pounds we buy at ninety seven" and yet another foreign exchange deal is arranged for a Chase customer.

In less time than it took you to read the above, Chase's experienced, professional dealers conclude foreign exchange, money market, and investment securities transactions for the Bank's corporate, institutional, and personal banking clients. The scene is London, but the same professional dealing capability is evident in each of Chase's trading locations throughout the world.

One of the keys to success in the treasury business, as in any business operating in a highly competitive environment, is to identify properly the needs of your customers and in so doing to differentiate your product from your competitors. After all, there's little sense — and no profit — in marketing blue widgets to customers who require silver ones.

The connection between this simple business axiom and the building of Chase's sophisticated Treasury dealing room in London may not appear obvious at first, but this principle was indeed one of the main themes underscoring the construction of the new facility.

Customer needs

How do corporations and financial institutions determine their main dealing banks? We asked ourselves this key question two years ago when the decision was made to construct a "state of the art" Treasury trading room in London as part of our overall commitment to the vibrant London financial market.

Pricing

Pricing was considered to be an obvious determinant. Many years ago, determining a competitive price to quote to a customer often simply meant dialling a few brokers to find out "the market" and then taking a small spread for the bank in the quote.

Today's world is much more complex. Intraday price movements can virtually wipe out your capital. Competition has become fierce, particularly in the London market where "laissez-faire" has been the guiding force in banking for over two hundred years. In such a world, the bank whose quotes are on the fringe is generally "left out" or, even worse, "picked-off."

To be able to quote competitively and profitably in such a complex environment, dealers must possess as much information as possible relevant to their market — from instantaneous knowledge of current and prospective economic, social, and political developments to on-line data on the dealer's current risk exposure at the time of quoting.

The "state of the art" global information and communications systems built into each dealing position supplies each trader — at the push of a button — with all the information he needs to construct — and quote you — the best possible price for your foreign exchange, money and investment needs.

Response Time

Fine pricing alone, however is not the only criterion. In an environment where interest rates and foreign exchange rates fluctuate widely from moment to moment, banking clients also demand quick response time.

Indeed, in any given trading day, market prices are likely to vary more during a short interval than across a range of quotes taken from a broad sample of banks at a given point in time. Whatever the underlying nature of his financial transaction — whether it's to close out a commercial deal, to hedge his balance sheet or income statement, or merely to speculate — no customer likes being kept 'on hold' waiting for a quote while the market is rapidly moving away from his desired dealing price.

Our perception two years ago as we looked ahead at the evolution of the banking environment was that price volatility was likely to become a permanent feature of the financial markets, thus requiring the commitment of significant human and capital resources to ensure efficient and speedy response in order to retain and obtain customer business. In planning and building our new dealing room, every possible effort was made to place our dealing responsiveness on the leading edge of the market.

Every aspect of the room — the seating configuration between salespeople and dealers, the integration of the different communications and information processes, the fingertip access to real-time automated information systems, the curvature and low height of the various dealing function desks — were all designed in the finest detail to ensure efficient lines of communication and rapid flow of information between the various Treasury professionals interacting to complete your financial transaction. Whether you need to arrange a routine sterling deposit placement or a complex multi-currency arbitrage deal, our ability to respond quickly and effectively will be second to none.

Reliability

Reliability completes the list of elements we perceived to be important to our customer relationships. When you put down the phone or sign off the telex machine after having arranged a transaction with your banking institution you implicitly rely on that institution's ability to effectively process the associated payments and provide timely, accurate confirmations.

There is nothing more annoying or expensive than expecting your funds to be paid in Frankfurt on the 10th and finding out they've been moved to Thailand on the 11th. In conjunction with our new dealing room project and our efforts in the field of client cash management, Chase has significantly upgraded our back-office processing capacity and capability. Chase already moves more money than any other bank in the world (over 110 billion dollars a day). Our enhanced systems assure we will efficiently handle the ever-increasing volume of client business in the future.

When you complete your transaction with the professional Chase dealer, you can rely on our ability to effectively move your cash, bullion, or securities to the right account, in the right place, at the right time.

Pricing, responsiveness, and reliability. These are the transaction elements in which we excel. Whatever your financial need — foreign exchange in any of the world's trading currencies, money market investments, gold, swaps, arbitrage, forward hedging, capital market instruments — try Chase.

We are a force of the future — and with our new Treasury dealing room the future is here!

Treasury's products

Foreign exchange — where will the pound be in 1990?

Chase has always had a long-standing professional reputation for foreign exchange dealing in the major international currencies. But did you know that Chase London is an active market maker in *all* of the world's freely traded currencies, including Scandinavian, South African rand, Australian dollars and other Asian-Pacific currencies?

Chase specializes in Cross-currency transactions. If your company's receipts are in Swiss francs and you have payments to make in yen, we can provide you with a competitive quote for the conversion (we'd be happy as well to provide financing for the expected payment). If you'd like to hedge your company's currency exposure against developments in energy prices, we'd be happy to arrange an "oil cross."

Are you concerned about the value of the pound five years from now in connection with a bid your company is making for a lucrative long term commercial contract? Our professional salespeople can provide you with up-to-the-minute currency analysis to help your planning effort or, better yet, let us assume your currency risk by concluding a forward transaction.

You can deal directly with Chase London from 7.00 to 18.30 EMT, or, since London is part of Chase's broader worldwide dealing network, you can conclude your foreign exchange needs with us at any time of day through any of our trading centres.

A wide range of currencies, competitive pricing, forward hedging, round-the-clock dealing — these are only a few of the foreign exchange dealing possibilities both traditional and innovative that Chase offers.

Money Market Investments

Imagine the following situation. You've been monitoring your electronic cash balance reporter all day and it suddenly shows you that a large dollar payment has been credited to your account several days ahead of time. It's now nearly five o'clock in the afternoon and most banks in the City have finished dealing for the day. How do you invest the cash right away and earn an extra day's interest income? Answer — you call Chase. We will accept dollar deposits — including same day value — until the last dealer or sales officer has left the trading room. Comparable dealing hours exist for sterling deposits and non-dollar Eurocurrencies. Since Treasury London is part of Chase's broad, worldwide funding network, we can assure you the best possible yield, complete maturity selection, round-the-clock dealing, geographic scope, and a wide variety of time deposits as well as Chase negotiable money market instruments.

Multicurrency hedging — don't put all your currencies in one basket

Since 1979 Chase has offered its customers the ability to invest deposits denominated in Special Drawing Rights (SDRs). If the five currency SDR does not meet your needs, then how about the European Currency Unit (ECU) or the European Monetary Unit (EMU)? Better still, come and talk to your Treasury deposit expert or Chase account officer who will devise a basket to meet your specific hedging needs.

Similarly, your account officer can provide a loan in any basket to match your borrowing against the projected currency mix of your future cash flow. Of course, if your short-term investment requirements are less complex, we still accept deposits in any individual currency.

Gold dealing — the Midas touch

King Midas turned everything he showed an interest in into gold. The Chase gold desk can reverse the Midas process and turn your gold into interest. By arbitraging the cash, forward and futures markets, we can make it possible for you to earn a competitive rate of interest on your gold holdings. Should you require your gold before maturity your Chase contact will help you unwind your transactions with a minimum of inconvenience and a maximum of speed, delivering your gold to the trading centre of your choice.

International capital markets – securities dealing in London

Through its International Capital Markets Group in London, Chase has become a major force in the underwriting, distribution, and trading of securities in Europe.

During the first seven months of this year, Chase participated as a manager and co-manager of newly issued Eurosecurities totalling some US $3.6 billion. Although predominantly US dollar obligations, these issues have included securities denominated in Deutschemarks, Swiss francs, yen, Canadian dollars and ECUs.

Chase is also active in the secondary market where, acting as a principal, we execute bond transactions for our worldwide customer base. Chase Capital Markets Group routinely "trades with the professionals" by being willing at all times to quote bid and offer prices to customers and other trading houses on a predetermined list of securities. These quotes are "live" in that under the Association of International Bond Dealers (AIBD) rules by which all Chase bond dealers operate, the dealers must be ready and willing to trade on the quote.

At present Chase maintains professional markets in nearly 100 fixed rate Eurodollar bonds and has plans to increase this number to 150 by year end. It also maintains professional markets in 130 of the most active floating rate Eurodollar bonds. In issues it does not trade professionally, the Chase bond dealers stand ready to commit capital in order to buy and sell bonds on the wire acting on behalf of the large number of widely diversified bond investors with whom it routinely deals.

To extend its global reach Chase maintains an associated bond sales and trading operation in Hong Kong. There, in addition to dealing in certain local currency bonds, the salesman and traders are in regular contact with customers located throughout the Asian Pacific basin, trading with them during local hours. Through this worldwide integration, Chase's trading business and customer contact is kept active around the clock.

Chase's commitment to its securities activities involves building its distribution activities beyond the natural base of Eurosecurities. To round out its US dollar activities, Chase will shortly begin an integrated distribution activity in US government and agency securities as well as money market instruments, operating from its London dealing room during the full European day. Chase will also shortly begin a full distribution activity in securities denominated in currencies other than the US dollar — concentrating initially in yen, Deutschemark and Swiss franc issues.

Chase's commitment as principal to securities markets is of interest and importance to both issuers of securities and investors in securities alike. Its willingness to commit capital to professional trading markets and to the security transaction needs of its customers provides an "every day" increase in liquidity to the rapidly growing and vastly important Eurosecurities markets.

Chase's market specialists are expert in helping to find ways of minimising financing costs or maximising investment yield. If you are interested in obtaining US dollar equivalent yields on the purchase of DM securities or if you'd like to buy some "James Bonds" (the 7 ⅞'s of '007) or some "Bo Derek's (the 10's of '10) we'd be happy to fill your order.

Chase UK's role in the International network

BY DENNIS C. LONGWELL, SENIOR VICE PRESIDENT, GENERAL MANAGER UNITED KINGDOM

The speed at which an international bank responds to the needs of its customers is critical, whether it be in the field of foreign exchange or indeed any other bank-provided service.

At Chase Manhattan we believe that speed of response has been a major factor that has helped differentiate us from our competitors. The enhancement of our ability to respond quickly to customer needs is a continuing and critical strategic thrust.

Today, international bank customers not only require information, they want to give their bank information. And they want a smooth flow at low cost – anywhere in the world. Information about banking services and products has clearly become almost as valuable a commodity as money itself!

So, today, the nature of international banking has changed and is continuing to change. The previous bank rationale that had its emphasis on simply lending money has also changed. Banks are now seeking to provide a broad range of services to their customers based on the information resources they have available. This is particularly so in the case of the *major* international banks, such as Chase, that are able to tap the massive information bases inherent in their large international banking networks.

So, with branches, subsidiaries and affiliates in 72 countries and direct business ties with another 60, we believe we have a very real competitive advantage in this area.

But more than simply providing the information our customers require, the name of the game is to provide an interactive capability. This capability is already allowing customers to ask questions based on the information they receive thus aiding their decision analysis. Chase Manhattan's electronic banking is one such area of activity that typifies the thrust of systems development that is being carried out at Chase today, developments that are changing the face of international banking.

Because of the frantic pace of technological development, banking systems have had an almost built in obsolescence – probably a three year life before new technology renders it redundant. However, the new phase of microprocessing offers banks major new opportunities to take, as is the case in Chase's new dealing room, a quantum leap forward to capture a greater market share.

Ultimately, and this is as critical to the customer as it is to his bank, those banks that have the investment resources required to sustain such programmes are likely to be the major factors in international banking in the future.

Chase UK — spearheading technological development

In London, as in many locations around the world Chase, already one of the most technologically sophisticated, is currently embarking on a new round of systems development.

The multi-million dollar programme we have recently implemented is built around a strategic plan developed over the last year and designed to focus Chase resources on the changing needs of the market and create a new range of banking services to meet those needs.

The plan will totally transform the existing systems *environment* to meet the future needs of electronic banking and the instant availability of time-critical management information.

An important component of the plan is the belief that the needs of the marketplace require us to provide discrete processing modules for the essential products and services provided by the bank such as treasury, deposits, global custody, as well as classical trade products.

This will give each Chase user department the maximum flexibility — seen as a keynote of the plan — and the ability to develop independent programmes to more effectively meet the particular needs of the individual markets which they serve.

At the same time, the systems now being put in place will enhance the bank's own and already sophisticated management information systems.

The implementation of Chase Manhattan's UK systems plan is necessitating a major recruitment drive in London. Over the next 18 months many more data processors will join our team of data processing specialists. These will consist of both permanent and contract staff.

International Network

Over the next few years the entire London based systems environment will be networked into a complete data processing system with links to the US, the rest of Europe and other parts of the world. The aim of this network configuration is to provide maximum security control as well as an increased capacity to allow us to further develop our operations.

At Chase we believe that the approach we are taking is critical in today's environment. Certainly, I believe that similar systems will become the norm across the industry if banks are to be able to react quickly to market changes and the increasing demands for speed of response being made by their customers.

A global approach to product delivery and quality control

There can be little doubt that the corporate banking environment represents one of the toughest in the financial services industry. It is both fiercely competitive and sensitive to world economic interdependency.

At the same time, companies operating around the world are demanding ever more sophisticated and specialised financial services. The net result is that a growing number of corporations are choosing to do business with a fewer number of banks worldwide. So, it seems that corporations have become more selective, preferring to deal with those banks that can add value and consistently deliver the products and services they need around the world. Given this, product delivery became increasingly critical.

Our approach to improving product delivery was built on the recognition that geographically isolated markets were becoming fewer and fewer and that traditional ways in which we had delivered our product lines had to be rethought.

Thus, in 1978, the bank launched a longrange strategic search focused on positioning Chase as a leader in selected business segments in the 1980s and beyond. This study led to the implementation of a new global industries organisation. Underlying this very much market-driven approach business was the assumption that industry is the natural unit around which to build our market management capabilities — not just on a country, but on a worldwide basis.

Certainly, we believe that managing the corporate market by industry groups — such as electronics, shipping, petroleum, for example — accurately reflects the realities of the marketplace because the needs of individual companies tend to be clustered around industry characteristics.

In providing an industry focus we are able to effect clearer and sharper market segmentation and provide our corporate customers with the specific product packages they most need and to deliver these products anywhere within the Chase international network.

In London, we adopted the bankwide global industry organisation during 1981 and put in place a new marketing structure.

In all, five commercial marketing divisions were created: consumer goods and business services, chemicals and allied products, capital goods and aerospace, automotive and electronics, mining and metals, and agribusiness. These were created in addition to already specialised marketing divisions of shipping, petroleum and commodities.

Importantly, the eight specialised teams paralleled those in other Chase network locations. This has enabled Chase to become yet more responsive to the international banking needs of our customers.

In practical everyday terms, it means that a customer in the UK requiring a banking service to be delivered in virtually any country around the world can contact his Chase officer in London, who in turn is able to work together with a similar industry dedicated relationship manager in the country concerned. Thus any problems or technical aspects are immediately understood and the bank's response faster.

Relationship management

I believe that one of the main factors behind Chase's growth and success in the UK marketplace is our concept of relationship management.

Through relationship management each Chase customer is assigned a highly trained bank officer dedicated to a small group of customers and responsible for the full range of services that the bank provides.

The preparation of Chase's relationship managers starts with the bank's own credit development programme — widely recognised as one of the most comprehensive in the industry. The programme consists of two phases: a period of formal credit development and financial analysis, together with the building of a thorough understanding of Chase's worldwide network capabilities, its products and services.

In the second phase, the trainees assist relationship managers' assess existing or potential Chase relationships. During this period the trainee is able to refine his skills, at the same time gaining exposure to the many Chase business units.

Having completed the credit development programme, the new relationship manager is exclusively assigned to look after the total international banking needs of a small number of Chase customers; in effect becoming their man within the Bank.

This approach means that customers have one contact point and a person able to mobilise the Chase network and the product specialists required to deliver an effective and rapid response to their needs.

Chase initiated this concept and today believes this approach to account management to be a unique asset, one that differentiates it from many of its competitors. Simply, dedicated relationship management prevents companies getting 'jammed up in the works'; being passed from one person to another until eventually finding the one who can actually help. Relationship management ensures that things get done — fast.

ADVERTISEMENT

CHASE INFORMATION AND COMMUNICATION

Where time is literally money

Currency dealing is without doubt the sharpest end of the banking business. The difference between success and failure can be measured in split seconds, with thousands or millions of pounds worth of business hinging on the dealer obtaining instant telephone connections to his trading partners and having immediate access to the latest money market information.

World's most advanced dealer room

In view of the importance of modern technology to the dealer function, the selection of appropriate telecommunications equipment is critical when implementing new facilities. This was certainly the case with the Chase Manhattan Bank's new Treasury dealing room which went live behind its computer-guarded doors on July 4th.

The Chase installation is widely held to be one of the most technically advanced dealer rooms in the world. In addition to having extensive computer aided design, it uses an ultra-modern fibre optic system for the internal transmission of data, and the bank's several in-house and external information services (e.g. Reuters, Telerate etc) are controlled from a single intelligent keyboard.

Most important, though, is the highly sophisticated communication system servicing the dealer positions. The system — known as the City Business System (CBS) — was specifically designed and developed to provide the most comprehensive range of dealer facilities by the City area of British Telecom London. In operation it will make the Chase dealing room one of the fastest in the world.

Hard wire limited

A number of organisations have addressed the specific communication requirements of dealers and brokers in money, stock and commodities etc, and produced telephone equipment generically styled 'dealer boards'. The principle for all types of board is the same — that particular telephone lines can be accessed by a single action on the part of the user.

First generation dealer boards such as those formerly operated by Chase are hard-wired. These give access to designated circuits by the operation of a single button tied to each line. Although they quite clearly out-perform systems based on conventional PABX's, they have several serious drawbacks. In particular, space constraints limit the number of buttons at each position, and the physical re-wiring required makes changing the configuration of the board a time consuming operation.

Software control has important advantages

The CBS is the world's leading software-controlled dealer board and it is infinitely more flexible than first generation hard-wired equipment.

In a typical installation a CBS dealer position would comprise two telephone handsets and a visual display unit which is generally recessed into a desk or console. The VDU presents an image of 64 labelled rectangular keys, each of which may be programmed to access a specific private circuit or telephone line. A subset of the keys forms a keypad for "dialling" numbers not held in the system. A CBS such as that supplied to Chase is capable of holding several thousand different page formats, each of which can be called up from any dealer position.

Infra-red plays key role

By simply touching the display with his finger a dealer can instantly make internal and external telephone calls, hold and release them, or designate a line as private for confidential or security reasons for example.

The key to this facility is an invisible grid of harmless infra-red beams which pass across the face of the VDU; when the dealer's finger interrupts a beam in a particular location on the screen, the system recognises this as an instruction, for example, to dial a particular telephone number.

Half of the CBS screen can also be used to display data from its own store, and from in-house or external data bases.

Chase Manhattan's installation has this facility and early experience indicates that dealers find it invaluable.

Although voice communication is the prime medium in this type of environment, alpha-numeric record messages have their own particular value. Accordingly, with the addition of a typewriter-style keyboard, which simply plugs in at the base of the screen, CBS is able to send and receive telex messages and interact with computers.

Another major advantage of the CBS is that the configuration of the dealer board can be changed quickly and easily to reflect changing circumstances, and there need be no serious interruption to overall working. Unlike hard-wired equipment, changes can be effected without disruption of dealing, simply by typing in new instructions.

Word of mouth

The Chase Manhattan Bank went out for tender to a number of suppliers for all the systems and equipment installed in its new dealing room. According to Tom Jordan, Manager of Systems Treasury at Chase, initial word of mouth accounts of the CBS from other users were very favourable. "In the event," says Jordan, "once we were shown all the facilities available it wasn't really a very difficult decision. CBS was simply the best set-up for our purposes".

'Night and day'

The difference between the Chase Manhattan Bank's earlier dealer set-up and its new one, Tom Jordan said, "...is the difference between night and day". The hard-wired system was ergonomically primitive with the result that the environment was always very cluttered.

Button controls, being electro-mechanical, had several inherent disadvantages; for example, a bulb illuminating a button in operation could fail, leaving the dealer unaware that a line had been engaged. Again, modifications to the initial layout were slow and with the possibility of being highly disruptive.

The new system is housed in a more pleasant working environment and is, at the same time, more efficient and much more flexible than its predecessor.

In essence, the Chase system integrates telephony with computer access and data retrieval. It is expandable up to several thousand 'pages', each of which can be used to accommodate 64 telephone circuit or function keys, or up to 24 lines of 80 characters of data.

It is extremely reliable and, in any event, has a remote maintenance facility. In this, the status of the system is monitored over a telephone circuit by British Telecom engineers within the City, and fault conditions automatically reported and remedial action diagnosed. Additionally, all main control facilities are duplicated.

The flexibility of the Chase installation is such that page lay-outs and contents can be altered at will from a keyboard and further lines or external communications links can be added without affecting the dealer positions. "We are very pleased with it" confirms Jordan.

Tailor-made communications

In fact, the flexibility of the CBS is one of its most attractive attributes. Whereas with simple key installations, only a handful of possible conditions can be indicated (e.g. line busy, held, incoming call) the capabilities of the BT system are to a very large extent limited only by the requirements and ingenuity of the user organisation. Since each key is programmable, any key in any position can be made to perform any of the functions of the system.

On a page level, the screen can be split to display data from internal and external sources, and one page will even alert the user to a development on another. For the future, in addition to sending and receiving telex messages BT plan to offer the facility of accessing its Prestel service, and the ability to send data pages from one CBS to another over the telephone network.

A further level of flexibility is obtained by the fact that the basic system is tailored by BT to meet the individual requirements of each user. Control of the Chase Manhattan system, for example, is split on a functional basis. This means that if elements of the system go down, there will still be at least one dealer in each currency department left in operation.

Mastered in minutes

Surprisingly perhaps, for a system of such sophistication, CBS is very easy to use. Dealers accustomed to operating existing equipment become expert in a matter of minutes. Tom Jordan of the Chase Manhattan Bank confirms this, remarking that on average the familiarisation process took thirty to forty minutes.

Cheetahs on the loose in City

Cheetahs are an increasingly common sight in the City of London today. Several of them, in fact are to be found in the new dealing room at the Chase Manhattan Bank in Coleman Street. However, far from being a disruptive element, these Cheetahs are positively boosting the throughput of business at the Chase.

Cheetah is the name of one of British Telecom's advanced new telex machines which are now being supplied in large numbers to the nation's business community. The name is perhaps not inappropriate when the speed of message preparation and correction is compared with that of older style telex terminals.

Electronic memory

The new machines have an electronic memory, visual display unit (VDU), keyboard and printer. Telex messages are prepared and electronically corrected by the operator before being transmitted. With earlier models, message preparation was laborious and correction a difficult process involving punched paper tape.

Cheetahs allow a message to be composed locally on the screen at the same time that an incoming message is being received. Again, this eliminates costly delays associated with the paper tape punching and manual handling necessary with earlier telex machines.

Store and forward

Establishing a call on these earlier telex machines is by means of a dial unit similar to that on a conventional telephone. This can be frustrating for an operator – particularly bearing in mind the number of failed attempts which can be encountered when dialling internationally.

All of British Telecom's new telex machines have a store and forward facility. Messages are entered into the electronic memory, together with typed-in dial information, and the machine set to automatic transmission. Subsequently, the terminal will dial each call in turn until all messages are transmitted. Where a call attempt is unsuccessful, the terminal will wait for a period of time, and then re-dial for as many times as it is programmed to do.

Quiet life

The application of microprocessor technology has transformed the functional capability of the telex terminal. It has also made for a much quieter life, with the noise created by modern print mechanisms being a fraction of that of their predecessors. This is not an inconsiderable advantage – particularly with a multiple installation like the Chase Manhattan's – and has been responsible for the acceptance of terminals in hitherto "prohibited" environments.

All round service

"British Telecom gives you a vast amount of assistance" remarks Tom Jordan, Manager of Systems Treasury at the Chase Manhattan Bank in London. The Chase has recently cut over the banking industry's largest installation of the advanced telecommunication system known as CBS; this installation forms the heart of what is the most technically advanced currency dealer room in the world.

In addition to supplying the CBS equipment, its software and a number of other telecommunication systems, British Telecom provided vital support in areas like dealer desk design, CBS page layout, installation and training.

Inevitably, there were problems but, according to Jordan, "BT has always found a means to smooth down ruffled feathers". Remarkably, in view of the size of the project, schedules were met and even bettered. "BT met every deadline" acknowledges Jordan.

British Telecom's considerable resources and experience were important factors in winning the initial contract with the Chase Manhattan Bank, and in the subsequent implementation of the dealer facility.

In future, such factors could become more decisive indeed than the characteristics of any equipment supplied by BT. In general, the telecommunications options of the business user will enlarge substantially over the next several years – in some sectors probably to the confusion of the individual. "One stop shopping," covering consultancy, planning, design, installation, training and maintenance in addition to equipment supply will be an attractive proposition for all sizes of user. If the hardware supplier is also the national and international carrier, as in the case of BT, the advantages of this type of shopping are irresistible.

System for all seasons

Immediately following their introduction last year, City Business Systems worth nearly £1.5 million were sold to users in the City of London. Since then, the system has established itself as the market leader in the dealer-board sector. Its latest, and largest City sale is to the Chase Manhattan Bank and is worth around £500,000.

The usefulness of the system, which integrates very high speed telephony with telex, data communications and information retrieval, is obviously not limited to UK users. In February of this year, for example, a CBS installation was cut over in Abu Dhabi.

Less obviously, perhaps, the system is proving invaluable in non-financial applications. For example with British Caledonian speed of response, although useful, is not as important as the inherent flexibility of a programmable screen.

One of the main ways in which the airline employs its CBS is as a seat allocation system. Each key is used to access the seating plan for a particular flight, so that the aircraft's status can be constantly updated. Other markets readily identifiable for the CBS are the travel trade, local authorities, and government service, in addition to general business.

CHASE

'Personal Interface' for dealers

Reuters, the first company to move internationally into providing computer-based information services to the financial community, has taken the next step towards making life less frenetic for the dealer.

The world news organisation is now marketing a range of products that enable dealers to combine Reuters and other external financial services with their own data held on internal computer systems. These interface products integrate the various services brought into play on the dealer's desk.

"They simplify the dealer's task by meeting all his information needs at a single work-station," said Reuters European Marketing Manager, Mario Rosi. "They function as the dealer's personal interface between the outside service and the dealer's own system, enabling, for example, instant comparisons to be made between current rates and locally stored projections," he said.

The result: a transformation in the flow of data in the dealing room, the removal of a profusion of unnecessary hardware cluttering the dealer's desk, and a significant improvement in the speed and efficiency of response. In an environment where time measured in seconds is literally money, the "behind-the-scenes" interface products of keyboards, switches and other data communications devices and terminals can make a "difference to the performance of a dealing room that is out of all proportion to their cost," Rosi said.

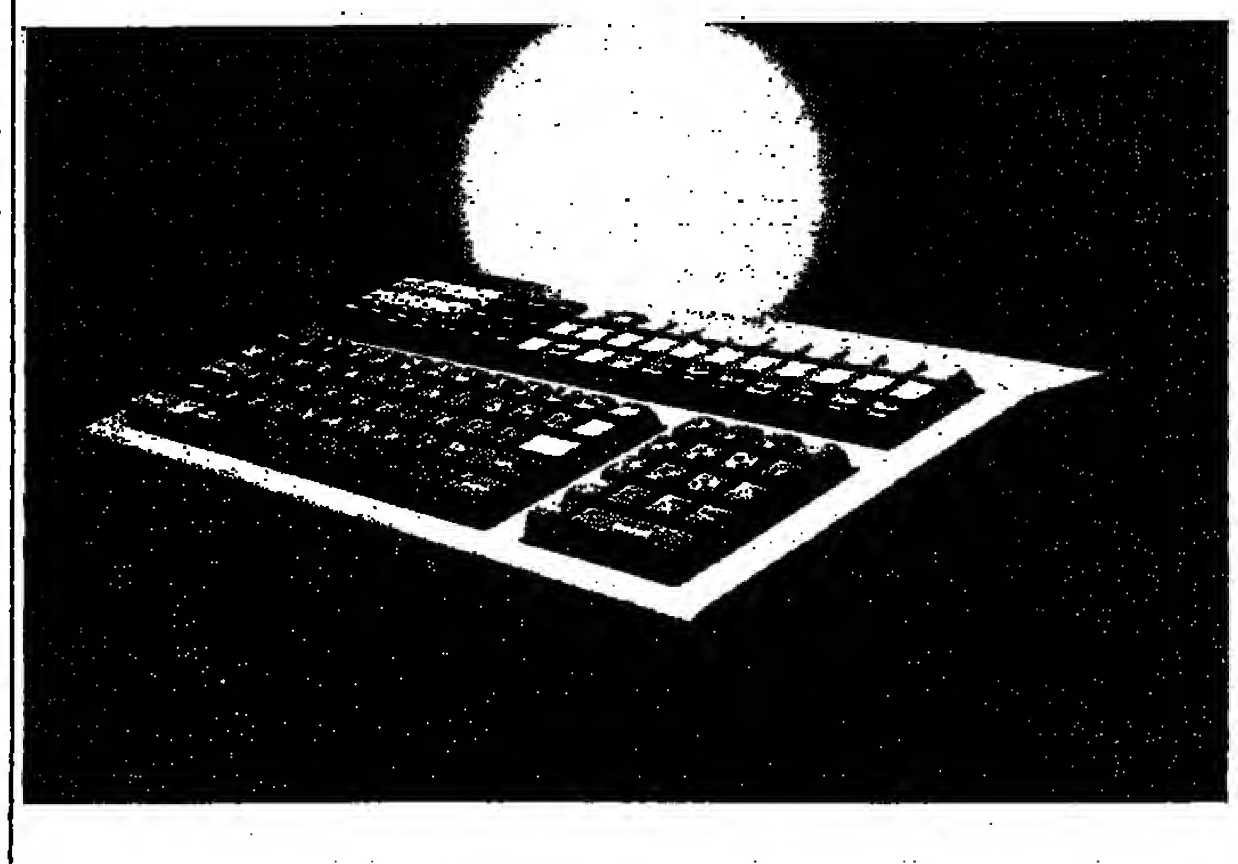
Central to Reuters interface range of products is a programmable keyboard – programmable in the sense that each key can be allocated a specific task so that the precise configuration can be varied to suit the requirements of individual dealing rooms. The concept realised in the programmable keyboard is that, whatever the requirements, the dealer will only have to interact with one piece of equipment, a single depression of a single key connecting him or her to whatever data source or communication channel is needed.

A large number of specialist services, both international and local, are now offered under the Reuter Monitor umbrella, including commodities and equities as well as foreign exchange.

Two years ago, Reuters also introduced a dealing service that was available, first, for money dealing, but has now been extended to cover the new Monitor gold bullion service. This service, which is still unique, allows dealers to communicate directly with other dealers connected to the network.

The interface products are seen by Reuters as an important step in tying different services together. The products have evolved out of Reuters' close contacts with subscribers and the financial markets worldwide, so that the product range is both flexible and varied enough to meet the precise requirements of different subscribers as demonstrated in the new Chase Manhattan London dealing room.

Reuter programmable keyboards change man-machine interface



Chase Manhattan, one of the first — and still among the top ten — Reuter Monitor subscribers, as well as being an extensive user of the associated dealing service, has standardised on the Reuter programmable keyboard as the central controlling device for its new London Treasury dealing room.

Speed in responding to market movement is all important in a situation where a foreign exchange quote might last for just a few seconds and sterling can move two cents in ten minutes as it did recently.

This point is brought home by the fact that the London branch settles $11,000 million in an average day, or roughly equivalent to Britain's total public sector borrowing requirement. Over the past three or four years, with the increased volatility and uncertainty in the foreign exchange markets and the abolition of foreign exchange controls, the number of deals has trebled.

The spanking new dealing room opened this month is a new monument to the state of the art. All the bank's systems in the dealing room are now being delivered to the desks through microcomputers — its information systems have all been designed to be "soft" so that future growth can be achieved without constantly changing the physical environment.

The key piece of equipment is a programmable keyboard supplied and programmed for the bank by Reuters. This has replaced three keyboards in the old systems.

Moreover, because each key can be programmed to execute a string of commands at a single touch, the dealer can be more responsive in reacting to market movements. To take a simple example, a single key could represent a defined period, or another the number million, whereas previously the dealer might have had to type a several-digit code or the full number.

The programmable keyboard, which Reuters now offers as its standard keyboard at the same price as a 'dumb' keyboard, controls what is displayed on all of the screens that make up the basic information resource for each position.

Chase Manhattan was one of the early contributors to the Reuter Monitor and last April one of its pages on the service averaged 13,500 retrievals a day, making it the seventh most retrieved page on the Reuter money rates service on a worldwide basis.

The bank contributes to most of the main currencies on the Reuter Monitor spot service. It is, in fact, one of the main market makers in dollar sterling, dollar deutschemark and dollar yen and is intent on trading even more actively in the markets providing a better service to its customers, both client dealers and the interbank market.

In addition to the money rates service, the bank takes the Reuter Monitor dealing service in Frankfurt, Geneva, Hong Kong, Milan, New York, Singapore and soon to be installed, Zurich, as well as in London. In addition, it takes other Reuter Monitor services, including bonds, equities, commodities, oil, money and securities news retrieval services, putting it among the top ten Reuter Monitor subscribers.

In a second phase of development later this year, Chase Manhattan will become the first customer in the UK for Reuters new datafeed product that will allow Reuter data from any one of 32 pages to be fed, without the need for intermediate keying, directly into the bank's computer systems for market calculations to be displayed on the screens.

Another "first" in the Reuter context is the operation through the fibre optic cables that bring all information to the dealers' desks.

These moves to take advantage of new technologies the bank sees as a response to changed circumstances. In effect, it is seeking actively "to create a climate of change" and the phased approach acknowledges that "there is only so much change that even the most receptive users can take at any one time."

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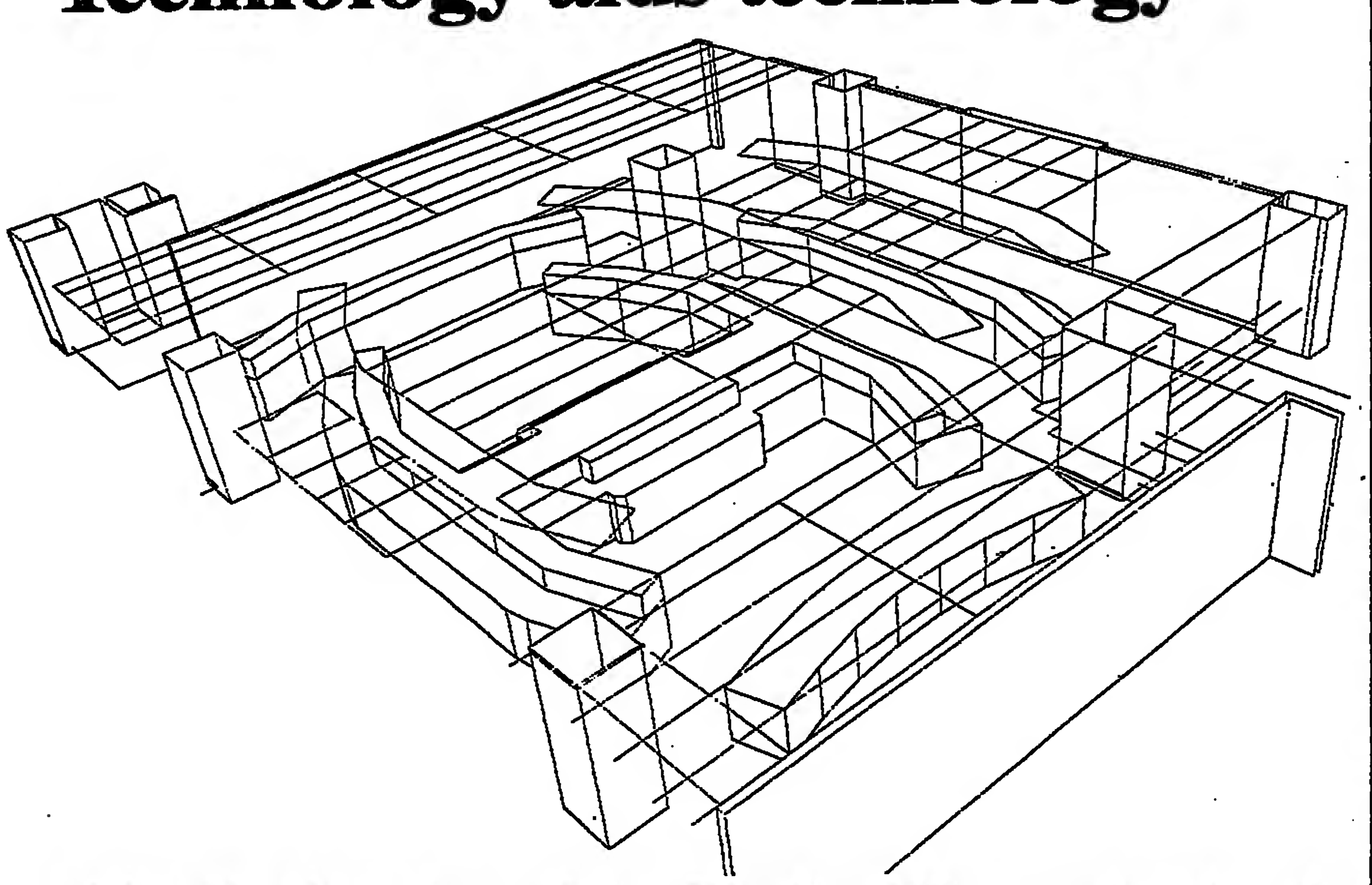
CHASE THE CULMINATION OF A PROJECT

Technology aids technology



The Chase Manhattan Bank commissioned the Thomas Saunders Partnership to produce the most technologically advanced Treasury dealing room available, by themselves making use of equally advanced computer orientated technology.

The challenge of producing an environment which would integrate advanced technology with the Chase standard of quality of environment was developed by TTSP using GDS 3 Computer Aided Design. This enabled TTSP initially to produce space planning layouts which could be altered in a few moments–thus cutting short the period of gestation which a project of this size and complexity usually entails.

When planning layouts were finalised, the task of creating the environment for the dealing function to operate began, involving the sorting of many specialised brief requirements and also the implementation of the Chase international design concept.

A special low brightness lighting requirement was solved by the use of 'Paracube' and prismatic diffusers, arranged in a striking lighting pattern, to reflect the desk arrangement. Extra air-conditioning capacity was provided, accommodated in the ceiling void and specially designed joinery units.

Telex and printing functions were also integrated into the scheme, as were the mechanical aspects of fire protection and power installation. Fibre optic cables were introduced to cut down the physical size of the installation alongside more conventional cabling, which was all housed under a raised computer floor on two levels.

The dealing tables were designed by TTSP to incorporate the most modern communications technology available. The British Telecom 'City Business System' and video screens were incorporated to provide up-to-the minute information from a variety of sources. The actual design of the tables, and groups of tables, was carried out with the aid of the TTSP computer, very often in 3-dimensional form.

These drawings were then rushed over to the Chase project team and then to the dealers for approval or comment. Thus, TTSP were able to provide Chase with 3-D visualisations of the tables and the spaces they would occupy–thus avoiding surprises on opening day. TTSP were even able to offer the opportunity of providing a view of the dealing room that would be apparent from each dealing position.

The dealing room has been the culmination of a 3½ year project in which TTSP, in close liaison with New York, have interpreted the international design concept of Chase, the American bank, and applied it to a conventional London office block.

In working with Chase over the past few years–which involved thinking very much the Chase, and American way, TTSP have evolved their design and drawing procedures, which included the implementation of the computer programme, enabling them to be able to react quickly and efficiently to the needs of the Chase Bank.

Refurbishment at the Chase Manhattan Bank

Last week the new Treasury room at The Chase Manhattan Bank's London headquarters went live. The development marks an important phase in the comprehensive refurbishment carried out at the bank's Woolgate House offices. The refurbishment was carried out by Trollope & Colls (City) Ltd, which can claim to be amongst the world's leading specialists in this field. For the company, as its name denotes, concerns itself largely with meeting the exacting requirements of London's foremost institutions, insurance and banking organisation. Long experience provides a client list that reads like a "who's who" guide to the City and includes the new Financial Futures market built inside the Royal Exchange.

Notwithstanding all this the total refurbishment of The Chase Manhattan Bank's Woolgate House, Coleman Street premises, proved to be a true test of the company's organisation and resources. For although the work itself was familiar enough, the scale and speed involved were exceptional.

Woolgate House is a concrete-framed building erected some 20 years ago and designated a Section 20 Building within the terms of the London Building Acts. It is shaped like an "H" in plan to form, its two main wings running parallel with Coleman Street and Basinghall Street respectively. Approximately half the building had been occupied by another tenant. Total refurbishment became possible when The Chase Manhattan Bank obtained the lease for the whole of the building with the object of housing all its UK personnel–located in various premises around London — under one roof.

In simple terms, Trollope & Colls (City), acting as main contractor, were responsible for the progressive remodelling and upgrading, including electrical and mechanical services, of the building's sub basement, ground and ten upper floors.

The work was required to be implemented in stages so that business could carry on without interruption to existing Woolgate House departments and so that remotely located personnel could move into completed areas also with minimal disruption to business.

In practical terms, the project presented some major complications. In all, the building offers some 303,000 sq. ft. of space to which access, in the interests of "business as usual," was severely limited. The original planning had concerned work broken down into 22 phases to be completed in a two year period from 14th January 1980. Speed was essential to all operations, the average phase being 19 to 20 weeks in duration.

"Close co-operation between client, designer and contractor" is one of those phrases much used by the copywriters of the building industry. It applied here — but without any of the connotations of its use elsewhere — in order that the bank's design standards should be properly implemented in London.

The Thomas Saunders Partnership, who have been associated with the bank and Woolgate House for a number of years, were commissioned to prepare construction drawings and specifications based on design concepts prepared by the bank and their corporate architectural consultant, Skidmore Owings and Merrill. Modifications were inevitable since within the two-year contract period the bank would and did continue to evolve with consequent effect on its requirements of the building. One result was that the original 22 phases were increased to 26 phases as additional work became necessary.

The working drawings produced by The Thomas Saunders Partnership were used by Trollope & Colls (City) for the formulation of detail drawings for each of the 22 phases. Modifications were implemented by a "change order" method which as well as providing a cost and time quotation for the change itself, also gave an immediate up-date on the overall effect of the change on the cost and time of the complete job.

Within the original scheme was the total refitting and refurbishment of office areas, computer rooms, reception area, management offices and conference rooms, customer dining facilities, and the conversion of the basement car park into a staff restaurant. The further four phases that were subsequently added provided amongst other things, the new Treasury dealing room on the third floor.

Throughout the building, simplicity in design has been allied to very careful detailing and the selection of high quality materials to create the desired environments. Office areas are designated "operational" or "marketing" depending upon function, and have been fitted out accordingly. Colour schemes including carpeting, and ceiling and lighting treatments are the major differences between "operational" and "marketing" areas. Doors are laminate-faced to which paint has been specially colour-matched. Carpets have been dyed to the required colours.

In office areas, Trollope & Colls (City) removed existing partitions, ceilings and services. Trunking to take the new services was flush-mounted in the floors, new partitions and ceilings were installed, existing windows were refurbished, new joinery was provided as required, and new carpeting was laid according to colour scheme designation. Toilet areas were refurbished as appropriate.

Conversion of the basement car park to a staff restaurant to provide 1,100-1,200 meals a day involved more substantial work. Floors had to be completely relaid and the existing concrete structure was spray-coated with a sound absorbing mineral fibre material. The fully-fitted kitchen and servery areas have quarry tiled floors, whilst dining areas are surmounted by a suspended ceiling of mirror-finished Luxalon complemented by chrome-plated sprinkler heads.

All suspended ceilings were fitted by Clark and Fenn.

A raised access floor has been installed as part of the refurbishment of the sixth floor computer suite. Also provided is a Halon gas fire protection system and a specially-sealed ceiling.

Management facilities on the ninth floor, which include customer dining rooms and kitchens for up to 80 people and an audio/visual conference room, required high quality joinery to be added to the list of skills employed. The result can be seen in doors and wall panelling, sliding/folding screens, and the reception area that serves the customer dining areas.

With at least half the building in occupation during refurbishment, tight planning and critical completion dates were required to facilitate the relocation in Woolgate House of the various remotely located departments. "Snagging"–the correcting of a building's minor defects usually undertaken after its occupation, was, in fact, carried out as each phase was completed and before its occupation.

In this way staff were able to move into refurbishment areas–sometimes over a weekend–and commence work without further disruption. To this end, noisy building operations were scheduled to be completed outside office hours and areas subjected to refurbishment were sealed by dust screens to protect adjacent occupied areas.

Completion of the new dealing room, with its two-level raised access floor, its purpose designed and developed dealers' desks, its glare-free Paracube lighting and Halon gas fire protection system, is the culmination of Trollope & Colls (City)'s intensive effort. At its peak, in the earlier stages of the original contract, the company was running some nine phases at the same time.

The speed and complexity of this scale of operations demanded an unusually large site management team. At its maximum it comprised a site agent, three general foremen, a resident contract manager, two secretaries, a full time mechanical and electrical services co-ordinator, a resident senior surveyor and a back-up group of four surveyors. Site operatives during the same period reached a total of 200.

Unusually but undoubtedly helpful to the smooth running of the contract, the Trollope & Colls (City) team and those of the mechanical and electrical services contractor, Matthew Hall Mechanical Services, and all other sub-contractors remained virtually unchanged throughout the complete contract period. Not the least of the benefits derived from this was consistent observance of the bank's restrictions on noise, dust, access to various areas and, of course, the strict security procedures enforced relating to all who use the building.

Trollope & Colls (City) Ltd is a Trollope & Colls Holdings Ltd company and a member of the Trafalgar House group of companies. One unexpected advantage of this association was discovered in the work for the ninth-floor audio/visual conference room. A specially-made 6 ft by 12 ft screen was to be supplied by a company in California.

Progress monitoring of this item to ensure its arrival on schedule was proving to be somewhat wearisome because of the time difference between London and California. All became simple, however, when Trafalgar's local California Cunard office–a few hundred yards away from the screen manufacturer–was briefed on the situation and undertook progress chasing through to shipping.

Chase Manhattan is one of the most exciting and innovative banks in business today, a pioneer in computerised banking technology.

Chase Manhattan has installed the BIS BOND AID system in their new London Dealing Room. BOND AID is an on-line micro computer system which provides international bond dealers with up-to-date information such as positions and prices, yields, profits, bond/share parities, and historic yield comparisons.

An earlier Chase Manhattan order placed with BIS Software has now led to the installation of some 44 **MIDAS** systems in the bank across the world.

MIDAS is a dealing room and accounting system which caters for the complete requirements of a small bank, or the international branches of a larger bank.

It contains more than 1300 separate computer programs, all fully documented and ready for use.

The system runs on the most up-to-date IBM hardware and can be operational in a bank within three months from date of order.

MIDAS (Modular International Dealing and Accounting System) is continually enhanced and extended to take advantage of the latest computing and communications technologies, and to meet the developing needs of international banking.

To date, MIDAS has been selected by 135 international banks and securities houses for installation in over 300 branches in 79 cities in 51 countries.

The Business Intelligence Services (BIS) Group of Companies

BIS Software is a leading member of the Business Intelligence Services (BIS) Group of Companies which has specialised since 1964 in banking and insurance computer software, information systems consulting and training, technological marketing research and direct marketing. Group turnover in 1982/83 was £23 million with pre-tax profits of £2.7 million.

BIS operates worldwide from offices in thirteen countries and sixteen cities including London, Brussels, New York, Bahrain, Hong Kong, Singapore, Sydney and Tokyo.

For further information, please contact Stanley Smith, Director, BIS Software Ltd. York House, 199 Westminster Bridge Road, London SE1 7UT. Telephone: 01-928 3551.

1981 1982

BIS SOFTWARE

Building engineering services

Woolgate House, now Chase Manhattan Bank's London headquarters, was constructed in the mid 1960s as a speculative office development. Matthew Hall was appointed at that time to carry out the installation of building engineering services.

In the intervening years, as various areas of the multi-tenant occupancy became vacant, Chase Manhattan has taken these over and now occupies the entire building. These changes have brought about many requirements for design alterations in the internal layout to suit the specific needs of the bank. To meet these new demands considerable refurbishment and upgrading of existing mechanical and electrical services has been necessary, together with a significant amount of additional installation work.

The opening of the new Treasury dealing room sees the culmination of a major contract for Matthew Hall Mechanical and Electrical Engineers who have been responsible for the design and installation of the building engineering services work for the bank.

The contract was carried through in more than twenty phases, replacing existing plant and installing additional services in stages while normal office routines continued uninterrupted beyond the specific refurbishment area. This method also enabled the overall efficient operation of the main essential building engineering systems to continue without disruption.

While the basic services originally installed have remained in good condition, natural operational deterioration over a period of almost twenty years has required the renewal of the general perimeter air conditioning systems and other items of plant.

Extensive additional mechanical and electrical services have been provided for areas containing specialist information technology equipment, such as the computer suite and the new and greatly enlarged dealing room, each of which is served by a separate air conditioning system.

The computer suite is conditioned by recirculating fan coils to a ventilated ceiling and the dealing room by a variable air volume system.

A considerable section of the basement area has been converted into a spacious and comfortable cafeteria and coffee lounge, fully air conditioned by an all-air system from a new, separate plant room.

The existing fire alarms have been upgraded and Halon gas fire extinguishing systems installed in computer areas.

The electrical lighting and power services within the building have been completely replaced, entailing the stripping out of the majority of the wiring and the installation of new flush floor trunking to serve power outlets for office equipment, telephones and visual display units.

Dedicated electrical services have been provided to specialist equipment in the computer suite and in the dealing room where underfloor power distribution is fed from an uninterrupted power source which brings batteries automatically into operation to maintain the supply should there be any interruption in the main electricity source.

In general office areas new lighting luminaires have been fitted, with parabolic reflectors to reduce glare, and in the new dealing room fluorescent lighting is provided, with specially designed paracube reflectors to reduce both glare and possible reflection from the screens of the visual display units. This lighting is dimmable, as is the lighting provided in the hospitality suite.

Comprehensive electrical installations have also been provided for the basement cafeteria areas, for audio visual equipment and for the instrumentation and control systems for the general building engineering services.

Almost twenty years after having installed the original services, Matthew Hall is privileged to be associated with the Chase Manhattan Bank in bringing these services up to date to meet modern office needs and the rapidly increasing use of information technology.

CHASE

Congratulations to The Chase Manhattan Bank N.A. on the opening of their new Dealing Room

It marks the completion of a major contract carried out by Matthew Hall involving the upgrading of and additions to the mechanical and electrical Building Engineering Services throughout Woolgate House to provide facilities to suit the Bank's specific needs.

The work was divided into more than twenty phases so that normal office routine could continue without disruption outside a specific refurbishment area and to maintain the efficiency of the essential mechanical and electrical services.

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CHASE

INVESTMENT IN ELECTRONIC BANKING

Chase InfoCash works to deliver treasury services to bank customers

Chase Manhattan Bank's new European Treasury dealing room is a showcase for electronic banking technology. But how will customers benefit?

The Chase dealing room is an excellent example of how state-of-the-art electronic banking technology can be harnessed to meet the business needs of both the bank and its customers.

Seated at his trading desk, a Chase dealer now has access to one of the most sophisticated electronic banking networks operating inside any international bank. At the touch of a keyboard, a dealer can literally open a window on the world's financial markets – through a video display unit – obtain information, select, and execute a transaction.

New InfoCash services

Already, the technology adapted for the dealing room has helped Chase streamline foreign exchange transaction processing. But the benefits resulting from applying technology to treasury services will not stop inside Chase. The quality and number of services Chase can deliver to customers via InfoCash – its electronic banking system – will also be enhanced. In fact, according to Michael A. Gallagher, Chase's Executive for Electronic Banking in Europe, the dealing room illustrates how banks can use back office innovations to improve electronic links with their customers.

Improvements in Service

Over the past year, Chase has conducted an ongoing study of how electronic banking should evolve to meet the business needs of European corporations. The construction of the dealing room at the same time, says Mr Gallagher, has given Chase an opportunity to integrate customers' needs for electronic access to Treasury services with bank operations systems.

InfoCash products connected with Treasury management have always been high on the list of priorities for Chase's European customers. Products such as foreign exchange confirmations, foreign exchange settlements, as well as foreign exchange position reports are among the top-ranked services in surveys of electronic banking needs of corporate treasurers.

Soon it will be possible for bank customers to manage their foreign exchange positions using almost any computer terminal located in their offices and selecting among a flexible group of product modules. The only extra equipment needed is a telephone and modem. Chase believes that most corporate treasurers will first explore the product options and then tailor a package of electronic banking services to their company's individual business needs.

"Frankly, just because computer access becomes available we don't expect corporate treasurers to give up talking with bank dealers or stop negotiating over the phone," Mr Gallagher says. "The ways *Chase customers obtain and provide* information about their foreign exchange transactions, however, will change. Electronic banking access will add value to the transaction cycle. Personal contact is a valuable way to get a feel for the financial markets. But it can be enhanced, although not replaced, for example, by up-to-the-minute market rates and commentary delivered via computer terminal from the bank you are dealing with."

Right now, most electronic balance reporting systems, such as the one offered by Chase's InfoCash, already include details on foreign exchange settlements. Foreign exchange positions and market commentary are also available, and a number of other treasury management services can be added or improved via electronic banking access and delivery.

For example, today most European corporations provide their settlement instructions via telephone. The process usually requires follow-up by the customer's staff. In contrast, electronic entry of settlement instructions via computer terminal will offer the convenience of telephone with a written record – the printout. Customers can also avoid the last minute rush of submitting instructions.

Electronic access to FX confirmations is another electronic banking service that can improve "accuracy, acting as a timely cross-check on phone conversations. Today, most customers send FX confirmations via mail or telex, and there may be a delay of several days before errors are detected. Electronic banking systems will soon be able to present the customer with a summary list of transactions at the end of each business day. The customer, in turn, will be able to confirm the accuracy of the transactions or immediately alert the bank to a possible error.

Developing Products

Electronic access to Treasury services such as FX confirmations and settlement instructions is definitely the logical next step in *building new electronic banking* products for the European market-place.

Most of the electronic banking systems currently being used in Europe reflect their US origins. When they were first introduced, these systems offered very few Treasury management services. Instead, they emphasised cash management services for collections and disbursements. In the relatively homogenous US financial market where only 10 per cent of the major manufacturing companies engage in cross-border trade, it was only natural that both treasurers and their banks harnessed electronic access to manage float.

In Europe, in contrast, a request for more Treasury management services is usually the first response of corporate treasurers who are asked how to improve electronic banking. Most of their corporations are heavily involved in international trade, and the corporate treasurer is constantly looking for more efficient ways to manage foreign exchange exposures.

According to Mr. Gallagher, corporate treasurers have already begun to take full advantage of electronic banking access to Treasury management services combining them with other electronic banking services such as balance reporting and international money transfers. Microcomputers will play a key role in that integration process.

Treasurer's Work Station

Micro computers will vastly enhance the corporate treasurer's ability to control and apply the information electronically exchanged with banks, and most international banks are now exploring ways for their customers to use microcomputers as a "work station" for a variety of banking services.

Currently, most electronic banking services such as InfoCash are delivered *via* "dumb" teletype terminals. Data must usually be re-entered if the treasurer wishes to analyse it. Intelligent micros are now available that can store and manipulate data delivered electronically, and they can work independently or be linked with a company's mainframe computer. With slight alterations in software, desktop computers can be used to eliminate much of the paperwork, filing, and manual calculations that take up staff time in corporate treasury offices. Dependent on the company's level of cash management sophistication, desktop microcomputers can also handle more advanced cash flow projections and forecasting.

Using a microcomputer, for example, a corporate treasurer for a European company headquartered in Geneva will be able to consolidate data which subsidiaries obtain from their banks. He will be able to set policy guidelines and even make FX hedging positions at a group level. At the same time, finance managers of subsidiaries can maintain local control and the group treasurer can continue to benefit from a decentralised management structure.

The real challenge for the corporate treasurer is to find ways such as this to improve productivity using the information supplied electronically by banks. "The banks and corporations who stand out from the crowd will be those that put the available technology to work meeting their business needs," says Mr Gallagher.

Major banks offer electronic banking products developed by Chase subsidiary

Because electronic banking services can contribute to visible bottom line results, many corporate treasurers have begun to use electronic banking capabilities as a primary measure for reviewing bank service.

"Over the last months corporate interest in electronic banking has come alive," according to Glenn Gustavson, Vice President of Chase Econometrics/Interactive Data Corporation (CE/IDC), a subsidiary of the Chase Manhattan Bank, N.A. "As a result, every major bank in Europe and the Far East is assessing the impact of electronic banking on the industry in general and on their bank in particular."

In order to remain competitive and position themselves in an increasingly global financial market-place, most major banks have made the decision to upgrade their bank's back-office operating systems and create an electronic access window *for their corporate customers.*

But not all banks have chosen to invest in technology independently. Many are contracting for the electronic banking services offered by companies such as CE/IDC.

With over 13 years experience in providing international electronic funds transfer and reporting for independent banks and their customers, CE/IDC systems are responsible for the daily electronic movement of the equivalent of over 25 billion US dollars. Today, the company also offers a wide variety of electronic banking and cash management services through over 50 banks to approximately 4,000 corporate customers around the world.

The CE/IDC Bank Cash Management Service allows the bank with a limited international network to offer sophisticated electronic interfaces to their customers without making heavy investments in hardware and software technology or branch offices.

Mr Gustavson says, "Sharing technological advantages means that banks can meet the needs of their specific markets. The systems offered through CE/IDC are flexible enough that each bank can offer a custom-designed service under its own name."

These electronic banking systems can be sensitive to the needs of the local market not only in terms of product offering but also in the use of local language. The banks gain their advantage from sharing the underlying international telecommunications network and the micro-mainframe technology built and maintained by CE/IDC.

One example of the electronic banking services which use this technology is CE/IDC's Multi-Bank Reporter. It is a balance report service which combines position and transaction information from a number of banks in one report. To achieve this, CE/IDC interfaces directly with banks and other international telecommunications network suppliers, such as GEISCO, NDC, and ADP, to collect banking information. That information is then made available to a corporate treasurer, for example, through an online report from CE/IDC. The account position information can also automatically interface with a company's general ledger accounting through a direct computer-to-computer transmission.

Managing account positions alone, however, is of limited value because most corporate financial decisions, such as those involving treasury management, must weigh a broad range of factors from basic *information* about the world economy, to foreign exchange rates, securities information, and market forecasts. CE/IDC services allow banks to expand their electronic bank offerings to include such information on their systems. At the same time, CE/IDC is developing the software that will allow corporate customers to integrate the data on a microcomputer.

"It's clear that cash management services are only the first phase of electronic information services which banks will need to provide for their customers," says Mr Gustavson. "CE/IDC services offer banks the flexibility to take advantage of our research and development efforts and grow along with the needs of their markets."

Flexible telerate

One of the main problems in modern dealing rooms is that as dealer desks are becoming cluttered with keyboards and screens distraction is inevitable. In Chase Manhattan Bank's new London Treasury dealing room the problem is being solved in relation to the *important Telerate service in two* stages.

When Telerate started in New York in 1969 it received considerable support from one of the prime brokers in US government stocks and this seemed to set Telerate's tone in its early years, since from this association grew the pre-eminent financial information system in US credit markets. This service covered the whole gamut of financial instruments and now includes futures as well as a corporate bond service. The hallmark of the growth of this service was that it moved with the markets and the customer; the old marketing adage of "give the customer what he wants" seemed to work well for Telerate in the US.

From this experience evolved a marketing system that understood the value of a dealer's time, the importance to him of speed, and the fact that he could only look – like everyone else – at one page at a time. For a busy dealer to look at four contributor pages and a news page in order to get a feel for the market is frankly unacceptable, let alone tiresome.

From a full understanding of this problem Telerate began to apply basic marketing techniques to the information that we had in our system; that is to say we started to give the customer the maximum amount of information by utilising as much of the screen as possible. This can be done in two ways; either mechanically by mapping or copying pages in the system, or physically by using newsroom techniques; having filled a page full of information it then has to be readable and this we do by use of highlights and layout.

The results of this type of marketing procedure led to the *development of Telerate's Page 5 in* the USA, which is a composite page showing a comprehensive run down on US credit markets and which is still the most viewed page worldwide on the system. As Telerate moved into foreign exchange so the same principle was applied resulting in the 260 Spot Currency Pages, where latest spot updates are mapped from contributor pages on to a composite page which then truly becomes dynamic with no interference from the vendor as to which contributor appears on the screen.

In Chase Manhattan's new London dealing room initially Telerate is available on all dealing room positions, through a keyboard switching system of Chase's own choice using the bank's own screens. The second future stage, which is more sophisticated, will be that Telerate's signal will be directly fed into Chase's London computer *via* Telerate's Standard Output Protocol and then be available additionally to many more screens in house.

This latter type of SOP interface (despite the fact that it presents problems to other online data vendors) has been solved by Telerate because they are more concerned with the software of their system, rather than the hardware element which is going to disappear from dealers' desks anyway if current trends persist. In this way Telerate hopes to meet not only the challenges of the future, but more so that of Chase Manhattan today.

New computer system helps bond dealing decisions

One of the systems used by Chase Manhattan is particularly concerned with assisting in their extensive bond and security trading operations. This system known as BOND AID was recently supplied by BIS Software Limited following extensive discussions with the Chase dealers.

BOND AID provides a fast and effective way for international bond dealers to have, at their fingertips, the information needed to help in their decision-making. The final decisions will always remain with the dealers, being based on experience and intuition, but analysis of trends in the market place, comparisons of yields and historical information all help in their decision-making process.

The core of the BOND AID system is the data held on each security. This data contains the description of each security, the basis for interest, yield calculations and valuations. Information is held that enables all market analysis to be produced by country, currency or industry.

Once the basic data has been input the numerous facilities offered by the system become available and, if required, the dealer can replace his "scratch pad" with his screen, keeping running positions, average prices and profits. The system is designed so that the dealer is required to enter only a minimum of information.

By holding interbank and spot rates the system is able to calculate effective spreads for floating rate securities, and display comparisons of bonds, either singularly, or grouped according to common criteria. This also enables an accurate analysis of on-going performance. Convertible bonds are catered for by the system providing fast and accurate bond/share positions.

An interface exists to external wire services to provide daily price information. This permits automatic updating so that the dealers can have an up-to-date price on their position when they arrive at their desks for the start of business each day.

A further interface to worldwide data carrying services is available allowing for the transfer of data from one branch to another.

Although the system is independent of other BIS products and runs on separate hardware, BIS has ensured that links to existing products are as simple as possible, enabling this system to provide a front-end, or first-level input, to a BIS MIDAS Bonds system also installed in the bank and running on IBM System/34 equipment.

Two years ago BIS determined that the Unix operating system would become the standard for use on small to medium sized computers. Accordingly the BOND AID system was written in a combination of Ryan McFarland Cobol and the "C" language running under Unix. This approach offers a highly flexible system that can readily and cost-effectively be used on a range of hardware supporting from a few users to several dozen.

To cater for the additional business generated within the new dealing room, it is planned to upgrade Chase's existing 8-user installation to a 32-user system, based on the Perkin-Elmer 3210 minicomputer.

BIS Software Limited pursues a policy of continuing modification to ensure that the BOND AID system is kept abreast of changes in the market place and the requirements of the Chase dealers.

Unix is a trademark of Bell Laboratories.

Intercraft furnish Chase

Chase offices throughout the world are specifically designed to give the same atmosphere so that foreign clients immediately feel at ease in familiar surroundings.

One of the most distinctive aspects is Chase's own design for their office furniture with its teak veneers and chrome finishes.

In this country Intercraft were chosen to supply Chase's office furniture at the bank's refurbished offices in Woolgate House, Coleman Street, because they could manufacture to the bank's specification, warehouse, transport and install their products at a reasonable price to the critical time schedule. The programme was all administered from Intercraft's City office in Finsbury Circus.

One of the most formidable complications was that Chase were moving their staff from three office blocks into the 10 floors of Woolgate House. The bank was fully operational at the time so floor removal timing was crucial. Over the three-year refurbishment period all the dates were observed.

Intercraft's contract included 600 desks, 1,200 chairs, 100 sofas, furniture for the general office areas and specialist conference rooms including an audio visual which has direct links with all overseas branches.

An interesting manoeuvre was manhandling a 12′×4′ one-piece table up 18 flights of stairs to the ninth floor.

With the manufacturing, new production techniques had to be developed because the bank's activities had to continue throughout with a resulting short period allowed for installation. Normally furniture is made-up on site but, in this instance, completed furniture was delivered to Woolgate House.

Office layouts at Woolgate house follow guidelines laid down by Chase's New York based Corporate architectural consultants, Skidmore Owings & Merrill.

Another problem was that the 1,200 desk chairs had to have a timber frame which required traditional wood-working skills. To make the pattern for these chairs, an expert chairmaker of the old school had to be brought out of retirement.

The teak veneered desks were all colour sprayed to ensure that there was no colour variation and the Chase design specifies a spine, like a counter surface, which fits between the desks; where the vertical begins it is covered by laminate so that only one joint is visible.

In addition to the areas that are generally seen, the staff dining-rooms in the basement have been supplied with specially made brown polyray tables by Intercraft which each have a single steel column support and flat base so that employees' legs are not impeded. The *staff lounge* chairs and *sofas* were re-covered like other furniture wherever possible to bring it up to the exacting Chase standards, including marble tops and senior executives' desks and cabinets.

Possibly the most interesting part of the building is the newly completed Treasury dealing room with the largest City Business System by British Telecom. The desks were designed by Chase architects The Thomas Saunders Partnership in conjunction with Intercraft, using information from an ergonomic study carried out by the bank.

These desks have some interesting features: the intercom and speakers can be varied but still housed within the desk and the Reuters keyboard set into the desk surface, maximises the desk space but keeps the desk area as small as possible to give optimum communications inside the dealer room.

The installation of the dealer desks only took 2 weeks which was achieved by the desks being designed with removable bases fixed on site earlier in the programme. This enabled the cables to be pulled through the floor into correct positions before the desk installation. The design, manufacturing and installation process was completed in under 12 weeks.

The bank is now in full operation and all Intercraft's furniture is in use. Intercraft have also supplied furniture for Chase in Germany and *Switzerland.*

THE ARTS

Bayreuth/Max Loppert

The British Ring cycle—a promise unfulfilled

The first of the three series of Bayreuth's new *Ring des Nibelungen* was completed at the end of July; the second is currently under way. That the opening performances, conducted by Georg Solti, produced by Peter Hall, and designed by William Dudley amounted to considerably less than a triumph for the British team is widely, if not unanimously, agreed.

Various scales of measurement have been employed; German and British colleagues have reached for the words "failure," "disaster," and even "debâcle," adducing the multitude of technical hiccups, the outbreaks of noisily audible and visible stage management, even the defections of singers as evidence in support of judgment formed across the cycle as a whole—that the "Romantic *Ring*" sought by Solti, Hall, and Dudley must be, at its intellectual core, a self-defeating impossibility.

I would proceed with far greater caution. In truth, the difficulties faced by the production team were large: losing Reiner Goldberg as the young Siegfried a week before opening night, and Siegmund Nimsgern's Wanderer to illness a day before *Siegfried*; having to unfold the huge spectacle in weather conditions that turned the Festspielhaus into a gigantic Wagner-sauna; above all having to submit to the Bayreuth regulation of giving the four mighty operas together even when new.

The assurance, more than once offered, that future years will see a radical clarification of the whole as the complications of its stage machinery are mastered is one that should at least be granted a grudging courtesy.

But, all that said, it was hard not to admit to a mounting sense of disappointment across the opening week. If none of the four component performances was without its good points, the chariness of the production in clinching or at times even intimating its intentions in a way that British admirers of Sir Peter's operatic work might have expected, began to seem

Hildegard Behrens in "Siegfried"

ever more comprehensive; while in the singing and above all in the conducting there were few of the compensating strengths of amplitude of style by which a master Wagnerian can compensate an audience *malgré tout.*

This was a *Ring* announced with a brave, bold intention: to set aside the "partial" examinations of the libretto such as marked the stagings by Patrice Chéreau at Bayreuth and Götz Friedrich at Covent Garden, in favour of an approach closely faithful to and evocative of narrative, romance, nature canvas, epic and mythological dimension, minutely observant of Wagner's stage instructions. This was to be a version of the tetralogy in which no subordinate element, political, biographical, socio-psychological, or whatever, would, however illuminating, be allowed to detract from the totality.

For those who believe that it is Wagner's music for the *Ring*, not *his* words, that primarily determines its medium of theatrical expression, and who have longed, in these far-gone days of Producer's Terror, for an antidote to the modish reductiveness of so much contemporary Wagner production, this was a heartening promise—and one which Sir Peter's wonderful productions at Glyndebourne seemed to predict a splendid fulfilment. How and where did it all go off the track?

Several causes suggest themselves. The most significant of them, I believe, is that the entire tetralogy has been made reliant on a single piece of immensely sophisticated stage wizardry — a hydraulically operated cushion - platform, lightly concave, capable of gentle rises and falls in mid-scene, or reversing itself in mid-air.

This is obviously a brilliant piece of technological invention, even if on unveiling its working was notably less than trouble-free. Yet the structuring of a complete *Ring* upon a single gadget—a *Ring* on a ring, as it were—may at some point have taken over in precedence from all the other component parts, visual and dramatic, that go to make up a balanced production; my guess is that in mapping out its convolutions Sir Peter was sidetracked from concentrating on the detailed interplay between character and music for which his best productions have become renowned.

In any case this is, by and large, a *Ring* sadly ungratifying to the eye. Mr Dudley's Glyndebourne *Seraglio* and *Barber* and Covent Garden *Hoffmann* indicate a ready eye for witty, curious minutiae, for complicated patterns of non-abstract imagery; for the most part he has not proved himself a designer of *Ring* scale. His decor accompaniments to the levitating platform are sometimes clumsy, sometimes contrived, sometimes (as in the backdrop to Hunding's dwelling) oddly unfinished; only a single scene, the Act 3 Rhine banks of *Götterdämmerung*, with Rhinemaidens poetically placed in a waterfall dappled by trees, lives up to any kind of promise of a Romantic *Ring.*

This is not time to compose, scene by scene, a critical catalogue; a few examples must suffice. Wotan and Fricka are first found, asleep but fully dressed in flouncy green, on an inexplicably scarred greensward behind which is gradually revealed a feeble projection of a distant, Babylon-like Valhalla. The little rope-ladders and lamplit tunnelled pathways of Nibelheim, and the super-realistic nooks and crannies of Mime's forest forge, almost lead one to hope both times that Dopey, Grumpy, and the rest of Disney's Seven Dwarves are about to come hey-ho-ing upon the scene.

As a whole, *Götterdämmerung* is the most successfully visualised of the four; yet here as elsewhere the ever-present scrim poses a psychological barrier between spectator and character, and in the effort of making palpable the elemental contrasts of the epic the reliance on the smoke machine verges dangerously on the territory of pantomime.

If the characters had lived as characters, in the observant way of, say, the Hall *Don Giovanni*, many of these irritations would have assumed a proper perspective. The largest disappointment of this first *Ring* cycle was the non-specific quality of most of the characterisation. Neither the producer nor Manfred Jung, who at short notice added the *Siegfried* Siegfried to his scheduled duties in *Götterdämmerung* and as Loge, deserves excessive blame for the charmless blank made of the young hero nor the lifelessness of his encounter with Bent Norup's substitute Wanderer.

In Hildegard Behrens' touchingly girlish *Götterdämmerung* performance, especially

Siegmund Nimsgern in "Das Rheingold"

in response to the unexpectedly interesting juxtaposition with Josephine Barstow's Gutrune (fascinating despite hideous headgear and a voice not really apt for the assignment), one began at last to get faint glimpses of what a Hall *Ring* might be like. But faint they were; and they had to be set against a bounty of ciphers and oddities elsewhere, the general feeling of characters operating *in vacuo*. If a Romantic *Ring* lacks richness and resonance of character, its mainspring begins to seem rather creaky.

This was Solti's first theatre encounter with the cycle since the aborted Paris project of the mid-70s. The special Bayreuth pit, which the conductor had very slightly opened up, lent a new mellowness to orchestral playing which, even in the hottest, dampest *quarts d'heure*, retained admirable clarity, energy and resilience: otherwise the Solti virtues and defects in Wagner have changed little since his Covent Garden *Ring* days.

The latter, bulking ever larger as the cycle proceeded, principally concern the conductor's continued inability to unfold the music—the Solti *Ring* remains a thing of unconnected extremes, of hectic fast and unsupported slow passages. Far less drowning of singers than in the old days—but, then, the theatre itself tends to preclude that; even so, a racket of brass and drum often broke through at climaxes. A memory of the Goodall kind of *Ring* conducting—is it now extinct, that long-lined, vocally phrased, carefully structured direction leading each act to its logical magnificent close? — haunted the London visitor at each performance.

Brief notes only on the singing. Of the old hands, Aage Haugland's Hagen, despite momentary flattenings, was as impressive as ever: a huge black bass artistically used. Hermann Becht's Alberich has declined into a prolonged bellow, albeit a trenchant one; Jung's Siegfried no more deserved the boos in the earlier opera than the cheers in the later — he got through, cleanly, no more. (The deportment of the Bayreuth audience, switching from intemperate approval to intemperate disapproval at the flick of a button, deserves a separate notice to itself.) Jeannine Altmeyer's Sieglinde lacks warmth of timbre, delicacy of detail, to make more than an effect of generalised intensity.

Nimsgern, singing his first Wotan quite sonorously, never grandly, ran out of steam by the end of Wotan's Farewell. The Mime, Peter Haage, tended to substitute virtuoso verbal shading for strong notes. Siegfried Jerusalem's Siegmund, a handsome, elegant figure, made up for the stiffness of his action with the genuine poetry of his singing. Fricka, Doris Soffel, promised more than she delivered.

Any vocal distinction in the cycle as a whole, particularly after a valiant but uneven showing in *Die Walküre*, was owed to Miss Behrens. Hers is not a true dramatic soprano — the top is incisive, true, but "narrow," the lower ranges want fullness; yet her growth to nobility and power of expression was far greater than one could have anticipated.

The portrait miniature rediscovered

Among the remarkable proliferation of new galleries and reorganised displays that mark this year in the Victoria and Albert Museum — everything almost peaking simultaneously —it is nevertheless the loan exhibition of smallest objects —portrait miniatures—that is billed as the major one of 1983. The V and A hold the national collection of British portrait miniatures, one that surpasses by far any in the world, supremely so in quality as in quantity: the loans here from elsewhere are however impressive, and witness to the increasing international interest in this, a branch of art which the British have made peculiarly their own, especially in Tudor and Stuart times.

Directors of museums even as artists can have their periods. The present Director of the V and A, *Sir Roy Strong*, who dazzled visitors to the National Portrait Gallery when Director there some 15 years ago in the early column-and-drape manner, seems to be moving (though every exhibition obviously must precipitate a sometimes very different solution) towards the sumptuously chaste. He has has been aided and abetted here by Paul Williams with a setting in black and white of the most satisfactory elegant simplicity, within which the miniatures glow. In place, in a strengthened light, some of the more brilliantly elaborated Jacobethan full-scale portraits dazzle almost barbarically. Among the latter, the huge Elizabeth, from Hardwick Hall, is a revelation after its cleaning, a formidable icon now attributable fairly convincingly as a production in which Hilliard had a hand.

Till now, Tudor miniatures are likely to have meant for most people just Holbein, Hilliard and Isaac Oliver. The concentrated research since Graham Reynolds' pioneering exhibition in 1947 has gradually both complicated and clarified that conception. Most recently, the microscopic scrutiny of a considerable proportion of the finest surviving miniatures, by Jim Murrell and Roy Strong in the V & A conservation labs, has yielded information as to technique and condition in the light of which assessment of individual styles has been sharply refined. Previously, the attachment of individual miniatures to various names of artists (other than Holbein, Hilliard, Oliver) recorded in archives has been very much a matter of speculation: now groups of works ascribed to hitherto insubstantial names such as Lucas Hornebolte (always said to have shown Holbein miniatures techniques), Levina Teerlinc, Rowland Lockey, are consolidated with some confidence on evidence that it is difficult to challenge, and it is very unlikely that the decade-long oportunity grasped by Murrell and Strong to acquire it will be repeatable.

The exhibition shows this art, of crystallising the essence of a sitter's person within the space of two inches or so, developing from the medieval techniques of book illumination probably adapted first for this purpose by the older Clouet, practised in England by the Netherlandish family of the Horneboltes, resolved for the Tudor Court in monumental Renaissance classic clarity by Holbein (represented here by several of the 16 miniatures currently ascribed to him), refined for the courtiers of Elizabeth and the Queen into *jewel-like fragilities of line and* colour by Hilliard, and thence gradually modulated back into the European mainstream idiom by Oliver. Specialists will find the revised definitions of each artist, his work, his production methods, his clientele, challenging and absorbing, but everyone should be riveted by these faces, seen glowing in the dusk of time as if at the wrong end of a telescope, minute and yet so clear.

The suggested reconstruction of the work of the Hornebolte *family, Lucas in particular*, is one major contribution; another major shift of appraisal is of Isaac Oliver. He is now, it is suggested, to be ranked as the greatest painter in England between Holbein and Van Dyck. The representation of Oliver's *painting and drawing* in the exhibition, for allegorical and religious subjects as well as for portraits, is indeed brilliant and far more various than Hilliard's, and it is, increasingly through his career, executed (in miniature) in terms of the established pictorial conventions of continental late Renaissance and Mannerist art. That of conrse Hilliard's was not, but I do not believe that Hilliard did not understand, for example, principle and practice of Renaissance perspective, as *Oliver so clearly did understand* and exercise them. Hilliard, I think, was merely not interested in them. He had rather different ends in view, with which indeed illusionistic naturalism might have conflicted at times. His strange poetry springs more from medieval traditions (Sir Roy Strong suggests he is the last great medieval painter), and is indeed peculiarly English in a *way that Oliver's in comparison* is not.

And it is, and I guess always will be, the finest of Hilliard's works (though he is very variable in quality) that linger in most people's minds as the archetypal images of the period. The famous Young Man amongst Roses — whether or not the youth be the Earl of Essex and whether or not the rose is the eglantine, the *rosa eglanteria (rubiginosa)* (as Strong has it), or the *rosa arvensis* as (Mary Edmond believes) — *remains* unsurpassed, but I have for long been mesmerised by the surreal image of the 9th Earl of Northumberland (the "Wizard Earl'), prone in a garden with a quill balancing a sphere suspended almost as in a Calder *mobile (a great pleasure to see* this, lent from Amsterdam). The difference between Hilliard and Oliver is most convincingly demonstrated by this exhibition, but the full justice now most properly done to Oliver's stature will not diminish that of Hilliard.

"Artists of the Tudor Court —The Portrait Miniature Rediscovered 1520-1600" continues till November 6. It is accompanied not only by its catalogue, a copiously detailed and illustrated *monograph in its* own right (£4.95), mainly by Roy Strong, but also by Roy Strong's treatise *The English Renaissance Miniature* (Thames & Hudson, £18), in which he sums up a quarter of a century's fascination with the subject. *This supplies a rich context for* the exhibition, political and

"Unknown Girl" and "Self Portrait" by Hilliard

cultural no less than more narrowly artistic, interrelated as never before. Also to be read in context with Strong's work is Mary Edmond's *Hilliard and Oliver* (Robert Hale, £15.95). From Mary Edmond's research, the social and professional life of the artistic communities and the London quarters they dwelt in, have been startled into life from Tudor and Stuart archives. There is much new in her book; there is also some important dispersal of myth, notably the long-standing baffling belief that Lucas Hornebolte was paid over twice as much as Holbein. *He wasn't, but about the same.*

DAVID PIPER

A Quiet Place/Jones Hall

Andrew Porter

Bernstein's new opera opens in Houston

Leonard Bernstein's new opera, *A Quiet Place*, was commissioned jointly by the Houston Grand Opera, Kennedy Center, and La Scala. It goes to Washington in October, and to Milan next June, but it opened in Houston—in the largest of its three debut theatres, Jones Hall, a theatre seating nearly 3,000, where amplification is used. (Plans for a new Houston opera house, seating "only" 2,300, are well under way; the company, *directed by David Gockley*, is one of the best in the country.) *A Quiet Place* is a sequel to and resolution of Bernstein's 1952 chamber opera *Trouble in Tahiti* — a two-singer (and chorus of three) domestic tragedy set in American tune*ful, witty, and expert*

Revelations

The two pieces form a double bill. There's a disparity of scale: *Tahiti* lasts about 45 minutes, and *A Quiet Place lasts nearly two hours*—a score as long as *Rigoletto*; but played without interval—and has a full orchestra, a large cast, an a chorus. But *Tahiti* is no mere curtain-raiser; it's the necessary exposition. Dinah and Sam's marriage has foundered; *the opera is named for the* South Sea movie they are going off to see at curtain-fall, unable to face an evening at home together.

Thirty years later, Dinah has been killed in a drunken, suicidal car smash. Her funeral brings the scattered family together. Back from Canada come son Junior, daughter Dede, and François Junior's lover and now Dede's husband. There ensue a series of reminiscences recriminations and revelations; also a series of moves at first fumbling, finally successful, toward reunion, understanding, and love. In *telling, the plot sounds sloppy*; most episodes end with an embrace and when every "junction" has been effected—what at last Sam has hugged François—one can feel that Dinah's influence has triumphed. In *Tahiti* she had a dream of "*a quiet place*" of "*harmony* and grace." In *A Quiet Place*, she has left a farewell letter: "Accept and live; we're only what we are." Her healing influence extends beyond the immediate family: her brother and her best friend find com*fort in one another's arms*; and her doctor's wife confesses to the bathroom mirror that she was in love with her.

Rewarding

The libretto, by Stephen Wadsworth, *could be likened to* a domestic *Ring*, or to an Ivy Compton-Burnett novel, or to Tippett's *The Knot Garden*—but in each case relocated in American suburbia and enacted by people not educated, intelligent, or verbally precise. Their *sentences are left unfinished*; trains of thought leave the rails. It's an ambitious, arresting attempt to fashion an orderly work of art from material left lifelike in its unruliness and vagueness. The music gives its shape. Roughly, it's like a four-movement symphony, with a slow movement of linked nocturnal duets and a scherzo made of games in the garden. And it's one of the richest scores Bernstein has composed.

The piece was pasted by the *New York Times*, by *Newsweek*, by *Time*. I went to two performances (both received stand*ing ovations) and was gripped*. In 10 years here, it's the only American opera apart from Leon Kirchner's *Lily* (done by the City Opera in 1977, and never revived) that unites contemporary subject matter with a musically rewarding score.

Fearless

Houston had assembled a cast of expert, vivid young American singers — Diane Kesling and Edward Crafts in Tahiti; Sheri Greenawald, Timothy Nolen, *and Peter Kazaras in A Quiet Place*—along with some older artists: Chester Ludgin as the matured Sam, Theodor Uppman (the first Billy Budd) as Dinah's brother. They all provided what Bernstein needs: fearless emotional exposure coupled with technical control. (It's *in* half-hearted performances that Bernstein's music sounds most sentimental.) Fresh, attractive decor (David Gropman); observant production (Peter Mark Schifter); clear, confident conducting, if a shade cool in *espressivo* passages (John DeMain).

Arts Guide

August 7–13

Music

PARIS

Frédéric Aguessy, piano (Tue 8.30 pm) Townhall of the 5th Arrondissement, 21. Place du Pantheon.

Orchestre de l'Ile-de-France conducted by Jacques Mercier, Pierre Strauch, cello, Alison Hargan, soprano: Henri Dutilleux Tout un Monde Lointain, Mahler's Symphony no. 4 (Tue 8.30 pm), Saint-Merri Church.

Quatuor Dolezal from Prague: Mozart, Janacek, Dvorak (Wed 8.30 pm), Theatre à Dejazet, 41 bd du Temple.

Prague's Czechoslovak Chamber Orchestra conducted by Otokar Stejskal, Philip Doghan, tenor: Wolf, Britten, Jolivet, Janacek (Thur 8.30 pm), Saint Severin Church.

Bookings and information for all four concerts at the festival offices, Tel. 271 5700), Mon to Sat, 11 am to 7 pm.

NEW YORK

New York Choral Society: Walter Klauss conducts the All Souls Unitarian Church in an all-Bach programme (Tue); Roger Nierenberg conducts the Pro Arte Chorale in a programme of Verdi and Schubert (Thur). CAMI Hall, 57th & 7th Av (873 0096).

CHICAGO

Chicago Symphony: Michael Tilson Thomas conducting, Misha Dichter piano. Janacek, Debussy, Tchaikovsky (Thur), Ravinia Festival, Highland Park (433 8800).

ENO'S NEW SEASON

English National Opera's forthcoming season at the London Coliseum (836 3161) boasts five new productions – Ariadne auf Naxos by Richard Strauss, Wagner's Rienzi and The Valkyrie, The Rape of Lucretia by Britten and Gounod's Mireille. The Valkyrie, producted by David Pountney, designed by Maria Bjornson and conducted by Mark Elder, represents the first step in the forging of a new English Ring. The cast includes Linda Esther Gray, Josephine Barstow and Alberto Remedios. Mireille is a co-production with Geneva Opera and will feature Valerie Masterson. The season opens on August 15 with Don Giovanni, Norman Bailey making his first appearance in the *comic role of Leporello*. Other revivals include Rigoletto in Jonathan Miller's award-winning production, David Blake's Toussaint, Orfeo, Madam Butterfly and Janacek's The Adventures of Mr Broucek.

BAYREUTH

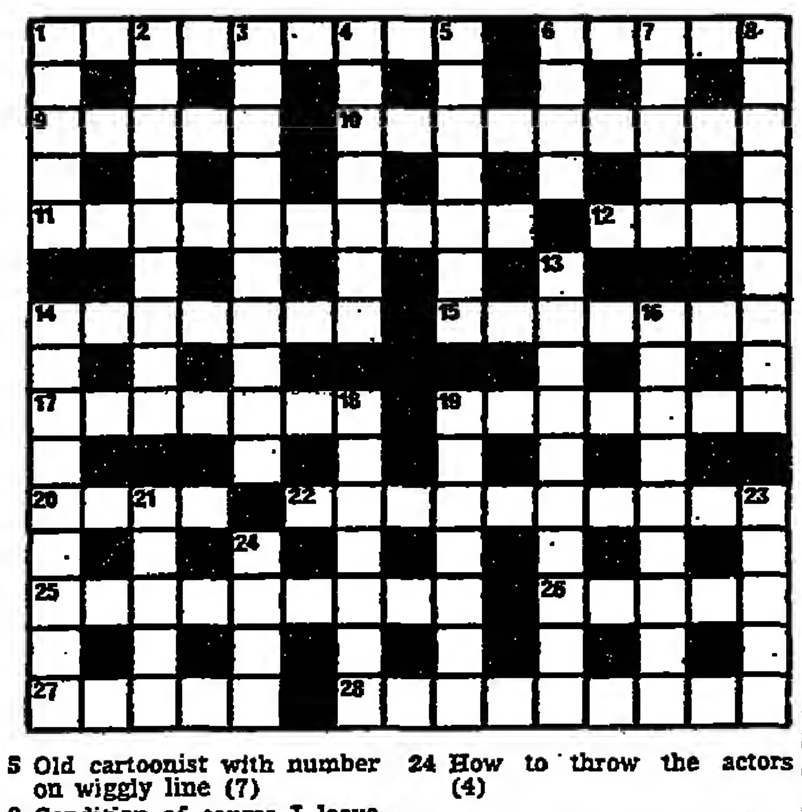
Bayreuth's annual Wagner festival until August 27 sees the return, after a two-year absence, of a Ring cycle. Peter Hall's controversial new production will be given three times. The festival also includes *Wolfgang Wagner's production of* Die Meistersinger conducted by Horst Stein and Jean-Pierre Ponnelle's production of Tristan und Isolde featuring Rene Kollo and conducted by Daniel Barenboim.

New York in prospect

New York City Opera has been plagued by a strike at the opening of its summer season, but is expected to take up its schedule this week with Carmen, Les Pecheurs de Borlco, Die Fledermaus, La Boheme, La Rondine and Lucia di Lammermoor. A precautionary phone call would be in order to New York State Theater, Lincoln Center (870 5570).

Beverly Sills' continuing effort to broaden the appeal of the company encouraged this year's experiment of a new season in summer, which will extend 19 weeks to mid-November. *Five new* productions, including one American première highlight the 19 operas being performed in 134 performances. The première is the original ending of Turandot written by Franco Alfano based on Puccini's sketches made before his death. Other new productions start with La Rondine, directed by Gordon Davidson and conducted by Christopher Keene, with Diana Soviero as Magda and Harry McCauley as Ruggero. The Mikado, directed by Lofti Mansouri, enters the repertoire conducted by David Stahl, with other new productions *of Centrillon*, Alcina and Of Mice and Men. Within the season will be a Puccini festival of six operas and the return of repertory favourites. The Cunning Little Vixen, Candide, La Fanciulla del West and Ariadne auf Naxos.

F.T. CROSSWORD PUZZLE No. 5,186



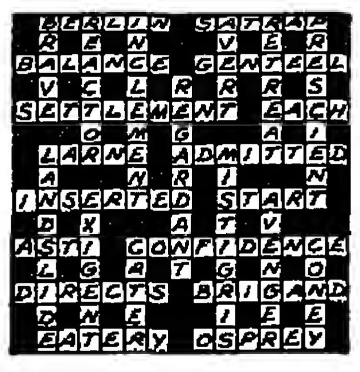
ACROSS

1 Place on the leg (3-6)
6 Chairman has it presented to beginner (5)
9 Steam locomotive for important person (5)
10 Unimportant person intent on confusing end of story (9)
11 I'd hate rain in storm to be responsible for mouldy reproduction (10)
12 'ope 'arvest yields fruit! (4)
14 He'd returned to embrace girl, a temptress (7)
15 Give a name to the French parts of plants (7)
17 Sort of tights that may get a catch (7)
19 Train in true English fashion (7)
20 Force — crazy when leaderless (4)
22 Not experiencing girl in complaint (7, 3)
25 Will Eastern rugs go back in temporary home? (9)
26 French city girl (5)
27 Boat highly commended in river flowing back (5)
28 Rather aged, staggering after ball in plant (2, 1, 6)

DOWN

1 Mother gets round a doctor. Crawler! (5)
2 What to do with garden — sail round foxglove (9)
3 Nausea or animosity? (3-7)
4 Know this change relating to S.E. (7)
5 Old cartoonist with number on wiggly line (7)
6 Condition of course I leave for decoration (4)
7 Sound opinion (5)
8 A filling sort of sweet (5, 4)
13 Refraining from money in non-existence (10)
14 Deny Fiat learner upset with a challenge (9)
16 Property man (4, 5)
18 Britannia's missile? (7)
19 Egyptian town with flower? Th- thanks! (7)
21 Face it for the consequences (5)
23 Herb season, it is said (5)
24 How to throw the actors (4)

Solution to Puzzle No. 5,185



FINANCIAL TIMES
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Tuesday August 9 1983

After the strike

NEWSPAPERS, always ready to criticise other people, are notoriously reluctant to comment on their own shortcomings. But the dispute which has prevented publication of the Financial Times in London and Frankfurt for the past 10 weeks cannot be shrugged off as yet another example of the Fleet Street malaise. The stoppage is a serious blow to the profitability of our business and to the reputation of the newspaper as a supplier of essential daily information and analysis.

British national newspapers, including the Financial Times, suffer from high production costs and disorderly industrial relations. These are long-standing weaknesses which have their origin in the nature of the production process, past management errors and the fragmented structure of the industry's trade unions.

For the Financial Times the need to solve these problems is especially pressing because it has chosen to compete in an international market. Much of the growth in our revenues in recent years has come from outside the UK, a trend that was reinforced by the start of the Frankfurt edition in 1979. We must have a production system which matches the best international standards and enables the company to earn a satisfactory return on investment.

Complex

In its approach to wage negotiations management has been trying to curb the "leap-frogging" which stems from the large number of bargaining units and the complex pattern of differentials between them. It was a differentials dispute in the press room which was the cause of the latest stoppage; staff in that department are divided between two unions and there is a long history of rivalry between them. Now that the strike has been settled, the immediate task is to complete the joint press room agreement which will embrace both groups and reduce the scope for conflict between them.

A long strike can sometimes lead to an improvement in labour relations, as both sides seek to repair the damage. But in Fleet Street a shared commitment to the health of the business is still generally lacking. The production unions are an extreme example of the sectionalism which has always characterised the British labour movement; primary allegiance is not to the employer or even the union, but to the local union branch or chapel. Some groups are prepared to pursue sectional claims, often in defiance of agreed procedures, to a point which puts the whole company at risk. Management's job is to convince them that such behaviour does not pay—a process of persuasion which is made no easier by the absence in Britain of legally binding agreements or of any effective sanction against disruptive action.

Opportunities

A stable framework for dealing with wage and manning issues is one priority. Another is to press ahead with the transition from "hot metal" to computer-based typesetting and photo-composition, and to do so in a way which achieves genuine reductions in cost and improvements in flexibility. The aim is to bring the editorial and advertising content of the newspaper within an electronic system and to take advantage of modern technology at all stages of production. This will, among other things, make it easier for different editions of the newspaper to be printed in several locations and so provide a better service to readers and advertisers throughout the world.

The challenges are no greater than those which have been met successfully by many other businesses in recent years. That Fleet Street lags so far behind can be attributed to a variety of factors, including the lack of import competition and the unique ability of local union chapels to obstruct change. Attempts to break out of the straitjacket, whether on an industry-wide basis as in 1975, or by an individual company as in the Times Newspapers stoppage in 1978, have so far been unsuccessful.

Yet change has to come. The latest dispute makes it even more urgent. We believe that the Financial Times has great opportunities for worldwide growth over the next decade if the newspaper can be produced efficiently. The route we follow will depend in part on what degree of co-operation is forthcoming from our employees, but there can be no doubt about the destination.

Benign neglect in reverse

THE RISE of the dollar, which was already in 1982 being described in Europe as "the third oil shock," has in the past few weeks developed into a nagging crisis—a looking-glass version of the dollar crisis of 1978-79. In those years the persistent weakness of the dollar, regarded with "benign neglect" by the U.S. authorities, moved European governments to anger and to heavy market intervention.

Now the film is, it might seem superficially, being played in reverse. The dollar rises, U.S. monetary expansion is disorderly and interest rates are rising as a result, giving another turn to the screw: the Fed is under international pressure to relax; but the President makes it clear that neglect is again the working rule.

Capital flows

This is the general market perception of the present situation, and it does contain one important truth: the U.S. authorities are as insensitive as ever to the international impact of policies adopted for purely domestic reasons, and also seem largely unaware of the effect of international market developments on their domestic economy. This is, as it was five years ago, a blinding headache for everyone else. In other respects, however, this simple picture is dangerously misleading. The changes of the past five years cannot be explained simply by holding the picture up to the mirror.

First, some very important features have not been reversed at all: now, as then, the U.S. domestic economy is strong, and the current account weak, as a result of a strong fiscal stimulus. It is the capital flows rather than domestic policies which have been reversed. This is why the present recovery is marked by a strong dollar and low inflation instead of a weak one with rising inflation. The puzzle is to explain the capital flows; the answer lies, partly at least, in the explosive growth of Eurodollar lending in the intervening years, and the sharp slowdown recently.

The huge expansion of dollar financing has put the dollar world — which includes many holders outside the U.S. — in rather the position of sterling at the turn of the century. Debtors have enormous current dollar obligations to meet by way of debt service; they must seek to earn these dollars on merchandise account. This is doubly true since the shock to international confidence of last year, and the sharp slowdown in new lending; debtor countries now face the kind of dollar shortage which was familiar in Europe in the first decade after the second World War.

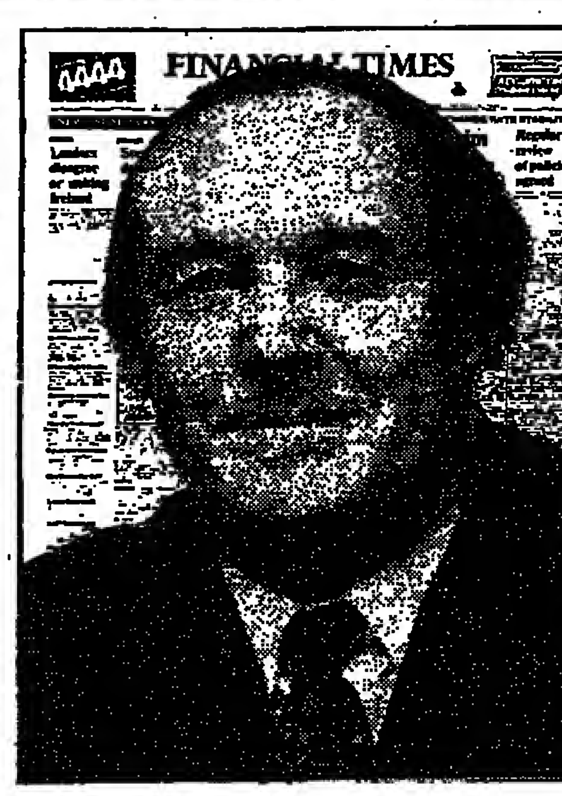
Financial crises unfortunately have a way of provoking actions that make them worse — a run on a weak bank is the classic illustration. The present is no exception. Much of the demand for dollar securities and real estate, now running at an annual rate of well over $10bn annually, represents funk money which has flowed out of the debtor countries. This helps to drive up the dollar, and to add to the U.S. money supply—thereby driving up the dollar, and at the same time dollar interest rates, and so deepening the underlying crisis.

The dollar-exchange crisis, in short, is an aspect of the dollar-debt crisis. The Fed understands this; that is why it has been more expansionary at home than purely domestic considerations would suggest. If the Fed now feels compelled to follow the lead of a worried bond market, and check U.S. monetary expansion, it is not from ignorance of the international dangers but because Wall Street—and a vocal group of Fed governors—is worried about the resurgence of inflation. The Fed cannot and should not yield to i's European critics.

The real remedies lie elsewhere, and are well known: action to reduce future fiscal deficits in the U.S., action to reduce tax concessions to U.S. domestic borrowers, and action to reform the U.S. funding system, of which the most helpful would be the introduction of indexation, now strongly favoured by some U.S. officials. Unfortunately none of these things are likely to be done in an election atmosphere. The realistic European options are to fuss and intervene—both equally ineffective, it seems—or to follow the British example and apply benign neglect from this side of the Atlantic.

A traumatic dispute for Fleet Street

The FT is back on the streets after a long and costly strike. Philip Bassett, our Labour correspondent, assesses the impact of the stoppage.



Mr Alan Hare

Mr Joe Wade

TODAY the Financial Times reappears after the longest break in the newspaper's 95-year history. Ten weeks to the day since the FT's presses were stopped by a dispute involving members of the National Graphical Association (NGA), the paper is back on the streets.

The losses on all sides—not least the loss of confidence of readers and advertisers—has been high. At the last count yesterday, after 59 days non-publication, the paper had lost some 14.8m sales, worth about £2.9m, and 9,187 advertisement columns, at a cost of £11.3m, amounting to total lost revenue of £14.2m. Against this, it has saved costs—particularly the unpaid wages of the 270 NGA strikers—of about £4m, making in all a total loss of about £10.1m.

The timing of the dispute was particularly galling for the company: it was heading for its highest-ever profits and its was enjoying a record circulation of roughly 219,000 copies, including 44,500 sales of its European edition, launched four years ago. Advertisement revenue was at its highest ever.

The FT will now make a substantial loss this year, though the advertisement revenue the company expects to regain will cut down the final cost of the strike. A significant dent will also be made in the profits of S. Pearson, the FT's parent company, which last year declared pre-tax profits of £59.9m.

For the NGA and its members, the losses have also been substantial. The strikers have collectively lost something like £1.1m in wages. Instead of drawing pay of up to £700 a week in some cases, at least some of the strikers have been reduced to the NGA's strike pay—originally £40 per week, later raised to £75—coupled with the proceeds of a voluntary levy of all Fleet Street NGA members, which on average netted the FT strikers an extra £30 per week.

In addition, many of the 24

Losses on all sides have been high

men at the centre of the strike, the machine minders, work shifts at other newspapers, particularly on Saturday nights, which for some has meant a further £120 per week during the strike.

Out of all this, what—if anything—has been achieved? For the company, the immediate answer seems to be precious little, particularly if one goes by the evidence of some of its competitors. The Economist asserted that there were "no winners." Mr Charles Wintour, former editor of the London Evening Standard, went further in the Observer, talking of the FT's "bloody nose," and stating unequivocally of the FT: "There can be no question that they have given far more ground than the NGA."

Why so much anguish? Partly because the recession has raised employers' expectations first of avoiding strikes completely, particularly in the private sector, and secondly, if they occur, of winning them.

More importantly, it is because the stakes in the FT dispute were raised so high—partly by the NGA strikers, but mainly by the FT's management. New printing technology, common for years in many newspapers all around the world, is in the main still to come in Fleet Street. It lurked like a spectre behind the whole FT dispute.

Though essentially a traditional, niggling row over differentials, the like of which Fleet Street has suffered for years, from the first day of the strike the FT management seemed tempted to invest it with a status it arguably did not warrant. At first, in the run-up to a General Election, it was given a political context. Later some FT managers saw it as a chance of ridding the company of the NGA, cleansing out Fleet Street's Augean stables, going for the much-vaunted new dawn in industrial relations.

For the FT in particular, this was an attractive proposition, faced for the first time in decades with real competition, from the European edition of the powerful Wall Street Journal, which already enjoys the benefits in both costs and flexibility of new printing technology.

The prospect of such a prize, though, were tempered by the Herculean task of securing it. Accordingly, the FT management seemed to blow hot and cold over whether to even try; industrial radicalism seemed to be constantly accompanied by Fleet Street traditionalism.

The FT considered printing from its Frankfurt base only, but its concern to obtain the co-operation of the traditional trade union structures both in the UK and in Germany at first limited the idea to supplying only normal markets in Europe and the U.S., and then saw its gradual collapse.

The company went as far as putting to Mr Bill Keys, the influential general secretary of the general print union, Sogat '82, proposals for a staged move to non-NGA printing: supplying the UK at first from Germany, and then printing here with the co-operation of unions other than the NGA.

There seemed to be no clear management strategy, though, as to whether this was meant to be for real, or to bring pressure to bear upon the NGA.

Though both S. Pearson and the FT still hold out the possibility of alternative printing, replacing the FT's in-house works, St Clements Press, with new technology plant sited away from the FT's Bracken House base, the traditional still held sway in the dispute:—

- The NGA throughout maintained a traditional, disciplined union solidarity. The strikers obstinately refused to conform to the pattern of splits and divisions both expected and prompted by the management, with the advice of a former executive at BL, where the policy of divide and rule had triumphed. In contrast, the Fleet Street employers maintained their traditional dog-eats-dog competitiveness: the appeal by Mr Alan Hare, the FT's chairman, to fellow members of the Newspaper Publisher's Association (NPA) for financial help fell on deaf ears.
- The TUC, though it took the unprecedented step of moving against an affiliated union for refusing to accept an award in line with a management offer, did so in an entirely traditional way. It plodded through the disciplinary mechanisms of its rulebook, perceptibly switching its attention away from helping resolve the dispute towards repulsing the threat to its own authority.
- Most important of all, the traditional—for Fleet Street, if nowhere else—relationship between paper and printer has hardly been disturbed. The union is still in the position of a monopoly supplier and in effect controller in labour, retaining its de facto hiring rights.

In particular, the traditional Fleet Street settlement prevailed. S. Pearson and the FT, faced by mounting losses and the gradual realisation that the TUC's ponderous moves would not only fail to bring the paper back speedily but would ensure such NGA truculence as to keep it off the streets until at least September, decided after two months to settle and put the best possible face on the deal.

On the final day of the Acas negotiations, FT managers had put forward two different peace proposals, with little success. FT and Pearson executives had been in a running joint meeting much of the day. At about 8 pm Mr Hare visited his Acas team. Following that, there was a marked change in the FT's negotiating position. A handwritten set of six proposals was tabled, and formed, after six hours' further discussion, the basis of a deal.

Even then, the NGA stuck to its traditional and often successful role of intransigence. Fifteen minutes before the end, Mr Joe Wade, NGA general secretary, suddenly said that far from being able to recommend the proposals to the NGA National Council meeting later that day, as the FT was demanding, he would not even be able to win the approval of his NGA colleagues in the Acas building, and so he and his team would be going home.

Even though the final agreement is quite clear that £6 offered for concluding a Joint Pressroom Agreement (JPA) which the company was seeking will be paid only when it is secured, to save the day, Mr Alan Cox, the FT's joint managing director, gave first to Mr Wade, then to the other NGA men, and then to all again through Mr Pat Lowry, Acas chairman, a guarantee of his confidence that it would be paid.

If traditionalism prevailed—and certainly, according to the FT's critics, the settlement was at best a traditional Fleet Street compromise, and at worst an equally traditional climb-down by a Fleet Street management — what does the outcome of the dispute yield?

As far as the NGA machine managers are concerned, what it yields virtually immediately —on *management* figures—are pay increases which, taking into account the annual NPA deal, and all the elements both of the award of Mr Andy Kerr, the mediator in the dispute, and the final settlement, will mean a rise of 22.3 per cent on the managers' rate at the beginning of the year — from £259.68 to £317.67.

Further, that is a minimum. The company has told the NGA that it intends to open negotiations on at least five further productivity items, including a bonus for the early completion of production, cutting down newsprint waste, the use of technically superior printing plates, and others. Though the FT has carefully avoided putting a value on these, some estimates suggest that as much money again could flow from these as the £6 from the JPA.

FT managers acknowledge the high price of the deal but point to the accompanying benefits: an acceptance by the NGA of a machine room differential with Sogat of 12½ per cent, though it is arguable whether anything other than this level was seriously hoped for by the NGA; consistency with the NPA national wage agreement in that the deal is acknowledged by the mediator as being within the terms of his award; efficiency improvements such as later NGA finishing times, the ability to print more copies of the Saturday paper and papers using colour without losing extra pages; and above all, the strong prospect of a JPA.

If this is secured—and the NGA both at national and chapel (office branch) level now acknowledges it will be—then despite the size of the pay rise apparently necessary to get it, this is a signal achievement.

Once applied, it will ensure the formulation of a common pay claim for the machine room, covering both the NGA and Sogat, and will tie both unions into a reciprocal agreement from which neither can unilaterally withdraw. In short, it holds out the prospect of ending at the FT the type of debilitating differential dispute which has for long dogged Fleet Street.

The superstructure of a new, non-NGA dawn that never came tends to obscure and devalue the significance for the FT of a JPA. Its advent may for the company be worth the pain of the dispute.

Though the NGA's rises are substantial, the union certainly has not got all it wanted. It has managed to maintain what it sees as its sovereign right to negotiate a deal separately, though the JPA itself may see an end to that.

The final machine managers' £317 pay rate is close arithmetically to the NGA's claimed rate of £322, though still some way from its original claim of £330.77. However, the £322 claim was for a rate clear of any productivity commitments, with the JPA still to be talked about. The union patently has not got that.

The settlement still leaves open some key questions. The final shying away from alternative printing methods by a newspaper which perhaps more than any other in the UK has good reason to seek them is a setback not just for the FT but for the whole of Fleet Street. For the NGA it is an unexpected reinforcement of its already considerable strength.

In particular, the outcome of the FT dispute—even with a JPA for the machine room—considerably strengthens the confidence of the NGA in staving off for even longer the inevitability of the new printing technology.

The FT's own negotiations on new technology over the last 18 months with the NGA have got virtually nowhere. While the FT, in an exchange of letters this week with the union, will

The settlement leaves open key questions

try to speed up the process, the hope of some FT executives that the NGA members at the FT, financially drained by the machine minders' strike, will be reluctant to take a militant stand over the much more important question of new technology, seems a forlorn one.

The impact is not just within Bracken House, but on the other national newspapers still waiting to take the plunge into new technology, and on the provincial newspaper proprietors, whose Project Breakthrough initiative aims to see next year a widespread adoption of "single keystroking" — the removal of the NGA from their central and traditional typesetting role, and their replacement with direct inputting to the new equipment by clerical staff and journalists.

For the NGA, the strike has shown that perhaps alone among key employee groups, the recession has not yet affected its Fleet Street members. For the FT, its non-striking employees, its readers, its advertisers and its investors, the strike has been traumatic. For the industry, the nature of the outcome could have even wider repercussions. As one FT executive put it, somewhat ruefully: "We looked at some very radical options — and we ended up with a very unradical solution."

Men & Matters

Pit stop

I have been in a bit of a quandary these past few days over whether to accept Ian MacGregor's invitation to accompany him down a coal mine as soon as he takes over as NCB chairman.

Normally, I would have accepted at once. But the doughty septuagenarian made me hesitate by adding that he would be visiting the pit with the worst working conditions to demonstrate that it, and many others like it, should be closed.

Noting my dismay, he beckoned me over to a nearby window where he sought to re-assure me about his good intentions by offering a peanut to a pigeon on the ledge outside. "He's my pet, his name is Arthur," he said.

Blessings flow

American Express, which opened its purse almost at the last moment to sponsor Cowes Week, is so pleased with its £100,000 plus investment that it is contemplating signing-up for at least two more years.

This year's yachting revels have generally been voted the bonniest in recent years.

The ringing cash registers at Cowes should be numbered among a plentiful shower of blessings at present raining upon that left-over from the Victorian age, the Isle of Wight.

Things began to happen when the three island authorities—the county council and two boroughs — decided to sink their differences and together support a development programme. They were lucky in securing the services of an experienced businessman Alan Curtis, aged 56, who ran Aston Martin, is on the board of Lotus cars, and is also heavily involved in civil aviation.

Curtis has to produce a five-year plan for the regeneration of the island by the autumn. But already elements are taking shape. The capital Newport, is to have a £6m shopping centre pivoting about a Marks and Spencer store—that company's first venture on the island. Ventnor and Shanklin, the island's southern suntraps each have schemes for leisure centres.

Cowes itself is to use a council-owned site for a new hotel and facilities for yachtsmen including a swimming pool. Ryde is planning a full-blown marina.

Curtis is modest about his role as the catalyst in this sudden burst of island activity. After his year's service he intends to spend less time there but to continue to act as an adviser.

He is unlikely to be bored however as he is now bidding with partners Shell and Slough Estates to develop private enterprise aviation at the Royal Aircraft Establishment, Farnborough.

Down page

Advert in the Warrenton Fauquier Democrat newspaper of Virginia: "Important notice: If you are one of the hundreds of parachuting enthusiasts who bought our 'Easy Sky Diving' book, please make the following correction: On page 8, line 7, the words 'state zip code' should have read 'pull rip cord'."

Shirley's seat?

Cosby may not have seen the last of Shirley Williams despite her defeat in the General Election. Moves are afoot to draft her as an Alliance candidate in the Euro-elections next year when Crosby and the neighbouring seaside resort of Southport are due to be merged with Bootle and most of Liverpool into a new Euro-Parliament seat called Merseyside West.

The moves have been initiated not by the SDP, of which Mrs Williams is president, but by some of Liverpool's Liberals, with David Alton, MP for Mossley Hill, prominent among them.

The seat looks promising for the Alliance because of Liberal strength in Liverpool and the Alliance's performance in Crosby and Southport at the General Election—41 per cent of the vote and frights for the Conservatives in what were once safe seats.

Conservative opposition next year is likely to come from the vivacious but relatively little-known Gloria Hooper, the sitting Euro-member for Liverpool. With Labour in Merseyside West largely in the hands of the most rabid anti-EEC Left, Alton thinks that Mrs Williams would be the ideal anti-Tory candidate.

He has another motive for pressing her candidacy. Liverpool Liberals made a shambles of the Alliance at the General Election, fielding an unofficial candidate against an SDP man seeking re-election, and thus helping Militant Tendency supporter Terry Fields to take the seat concerned for Labour.

Alton thinks it is time to mend fences by giving the Merseyside West candidacy to the SDP. He will need someone of Mrs Williams' calibre to persuade some of his colleagues.

Waterlogged

A hush fell in the saloon as the two men entered . . . parched and footsore after a 15-mile trek across the desert under a blazing Nevada sun.

Back there in the wilderness lay their Range Rover—stuck fast in mud.

This may read like a plot for a B Western but it is a day in the life of the people working on Project Thrust, the British attempt on the world land speed record.

Reaching for their beers in the wilderness outpost of Gerlach were John Ackroyd, designer of the jet car Thrust 2, and Eddie Elsom, the project's operations manager.

They had been probing the Black Rock flats for signs that the surface water, which for three years has bedevilled efforts to win back the 622 mph record from America, was finally receding.

At Black Rock, where the British car reached 615 mph last year, the paradox exists of a surface baked hard in parts while other portions are under water after freak weather.

The 200 British companies who have contributed £1.25m to the project are waiting to hear if the desert is going to be useable at all this year. Driver and project leader Richard Noble is hopeful that the month-long countdown can start next week. If it does the team should have enough good weather left to complete the task so nearly achieved last year. But time is tight for winter sets in early in those parts.

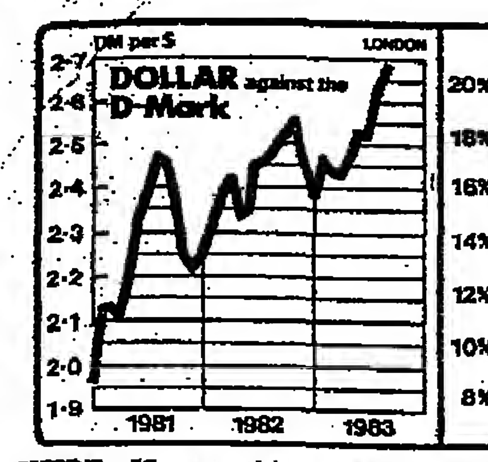
"You can have the best car in the world, and the best team in the world" says Ackroyd glumly. "But none of it is any good if you've nowhere to run. . . ."

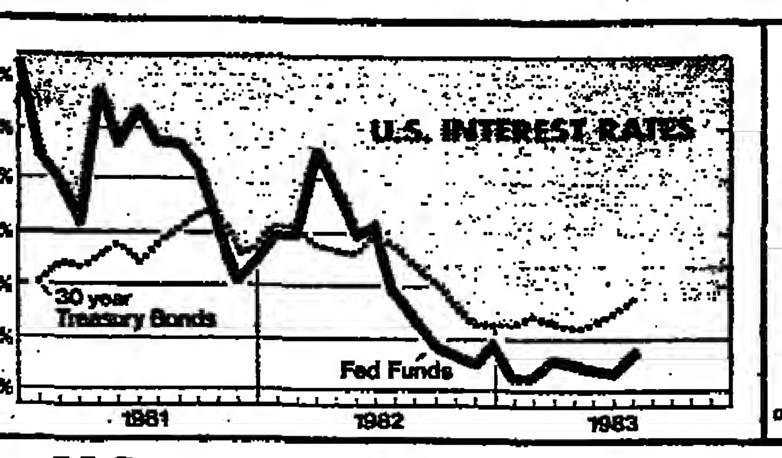
Divine policy

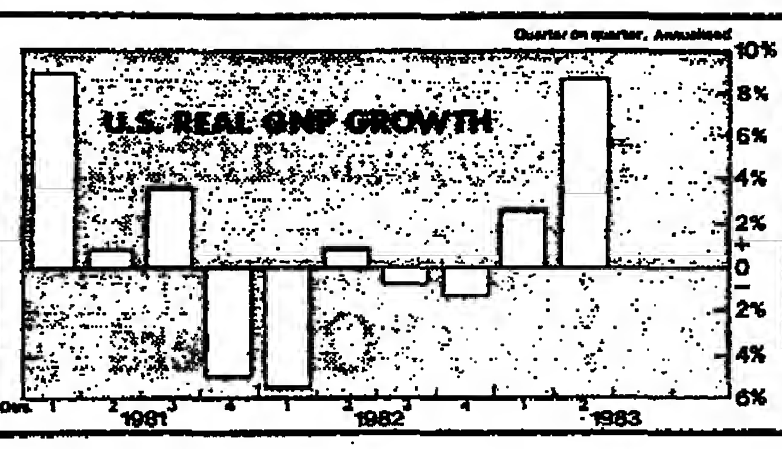
The management of a Hong Kong bank has hung a cautionary sign above the bank tellers' counter.

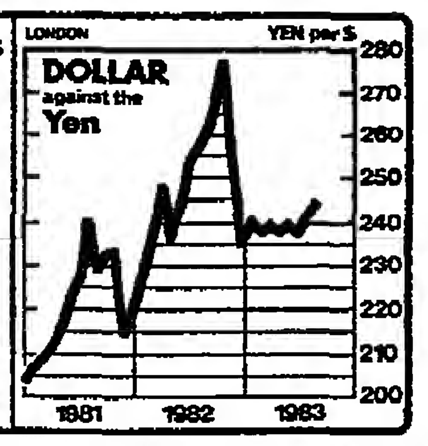
"To err is human.
To forgive is not bank policy."

Observer









The U.S. economic outlook

Rapid recovery—and a case of the jitters

By Anatole Kaletsky in Washington

THERE IS something badly wrong with the present boom in the U.S. economy: it was supposed to have been impossible and it is becoming more impossible almost daily.

That is why the U.S. stock market is paralysed, despite the economy's exhilarating performance; why New York banks have decided to raise prime rates as interest rates edge higher almost daily in the bond and money markets; and why the rest of the world, which could by now have been picking up speed by hitching onto the U.S. locomotive, remains stuck in recession, as governments outside the U.S. vainly attempt to protect their currencies from collapse in the face of the soaring dollar.

A "roaring recovery" is what President Ronald Reagan had always predicted as the result of his economic programme. But now that the roar is becoming audible—with an 8.7 per cent economic growth rate in the second quarter, with last week's announcement of a near record drop in unemployment, and with booming sales of houses, cars and other consumer goods—the financial markets are jittery.

Nobody dares to call Mr Reagan's policies "voodoo economics" any more. But deep down, the unexpected success of Reaganomics in the past few months has been just as perplexing to many investors as its first two years of failure. This success has been even more bewildering for the world's finance ministers, who can do little more than fret impotently as they watch international speculators scrambling for overvalued dollars.

The reasons for all the confusion must be sought not just in what is actually happening in the U.S. economy, but in what *people expected and expect to happen.* Even a few months ago it was generally considered impossible for the U.S. to have anything more than an "anaemic" recovery as long as interest rates remained "excessive" and the dollar seriously "overvalued."

From this premise there followed a political and an economic conclusion. Since any major upward break in interest rates would threaten to stifle the recovery altogether, it would presumably be resisted by the Administration and the Federal Reserve Board.

Furthermore, even if the authorities *did not step in* to prevent interest rates rising, market forces would keep them in check. For even a small hiccough in interest rates would so weaken the "anaemic" economy that business and consumer loan demand would rapidly fall away and reduce the pressure in the money markets.

Set against these expectations, the mini-boom of the past three months appears to have removed both economic and political guarantees against U.S. interest rates pushing still higher.

On *the economic front,* now the recovery has built up steam it may be difficult to slow it down, even if interest rates continue rising. As Mr Alan Greenspan, the leading economic forecaster, first pointed out two months ago, to the bond market's considerable chagrin, the recovery has gone beyond *its most interest-sensitive initial* stage, when much of the impetus came from housing.

Even the deflationary pressure on exports exerted by the over-valued dollar, although considerable, is far outweighed by the sheer power of pent-up *domestic demand. The economy* would have grown at a rate of 11.3 per cent, rather than the actual 8.7 per cent, in the second quarter if it had not been for falling exports and rising imports.

Now, in normal circumstances, there would be nothing alarming or even unusual about such a growth rate in the first year of a recovery after an exceptionally deep recession. Unfortunately, however, the political background to this recovery is far from normal.

If the unexpected strength of the economy has made higher interest rates *possible* it has taken three other pressures, all ultimately connected with politics, to turn this possibility into a reality during the past few months.

These three pressures—a slight tightening of monetary policy imposed by the Fed in late May, the approaching conflict between private and public *credit demand,* and the revival *of market fears about accelerating inflation*—are all political issues for one simple reason. They all derive essentially from President Reagan's budgetary programme.

The links between future credit demands and deficits are obvious. But if it were not for the prospect of gargantuan budget deficits continuing into the indefinite future, there would also be less reason to fear a reacceleration of inflation, or for the Fed to tighten monetary policy at this stage, as Mr Paul Volcker, chairman of the Federal Reserve Board *has repeatedly suggested* in recent weeks.

He made clear in his report to Congress last month that the "background of growing momentum in economic activity" was as esential as the rapid growth of the money supply in recent months in the Fed's decision to take "a slightly less accomodative posture" late in May. He had nothing against a robust recovery in itself, Mr Volcker repeatedly told congressmen. The looming budget deficits were what made the pace of recovery a cause for concern, since the recovery "brings nearer the day of reckoning" when private credit demand will *clash with the Treasury's* borrowing needs and present the central bank with a stark choice between allowing interest rates to soar or buying government securities itself by printing money and thus creating the conditions for accelerating inflation.

What must be most alarming to Mr Volcker is that even as the recovery has brought the "day of reckoning" nearer, it has also practically neutralised the budget deficit as a political issue. It has thus eliminated all hopes of even a tentative resolution to the deficit problem before next year's presidential and congressional elections. It has even created the political possibility that deficits will continue to grow unchecked for years after 1985.

The point is that President Reagan's insouciance about the budget is growing almost daily, with every favourable economic indicator his statisticians announce.

The President now seems to feel the recovery has vindicated him and his "supply side" theories against the more cautious judgments of the establishment economists who have been urging him to curb the deficits even if this meant deviating from his ideological commitment against raising taxes. This new self-confidence was typified by his immediate and pugnacious rejection of the bipartisan budget proposal which was passed by Congress this summer and included provision for substantial tax increases beginning in 1985.

White House officials suggest that "tax and tax, spend and spend" may be the President's central campaign accusation against the Democrats if he runs for re-election. A danger which investors have so far recognised only dimly, but which will loom much larger as the election campaign gets under way, is that Mr Reagan will run for President next year on an implacably anti-tax ticket. If that were to happen, all Wall Street's assumptions about the inevitability of a fiscal retrenchment in 1985 could be exploded. Even Republicans in Congress seem to have lost their stomach for the sort of massive public spending cuts which would be required to bring the budget under control if no effort is made to restore the tax base.

Furthermore, the psephology of the next election strongly suggests that Democrats will regain control of both houses *of Congress even if Mr Reagan* is re-elected President. It is not hard to imagine a triumphant President Reagan attempting to impose his mandate for lower public spending by denying a recalcitrant Congress the revenues required to cut deficits.

To make matters worse, Mr Volcker has officially told Congress he cannot "commit" himself to serve as Fed chairman beyond the end of 1985, strongly implying that he would stand down to enable the incoming president to nominate his "own man" for Fed chairman, whichever party wins in 1984.

It may still be far-fetched to speculate about an extended *period of unchecked budget* deficits, stretching well beyond 1985, and accompanied perhaps by a more politically-accommodative Fed policy. Such scenarios, always popular among commodity speculators and gold-bugs, lead to the sort of long-term inflationary cycle which began in the mid-1960s with the deficit-financed Vietnam war and culminated in the collapse of the grossly overvalued dollar and, finally, in the oil price explosion of 1973.

Such a prospect may sound fantastic and probably is, if only because bond market investors would not allow *themselves to be fooled again* into financing inflationary spending so cheaply. It is more likely that recurrent threats of inflation will be choked off by periodic increases in interest rates, such as the present one. Such episodes can in principle moderate excessive growth rates, put political pressure on the government to modify its policies and then give way to lower interest rates and a resumption of growth. This is why one perceptive Wall Street economist, Mr David Hale of Kemper Financial Services, characterises the current loss of confidence in the bond market as a "*capital strike.*"

Nevertheless, the threat of long-term inflation cannot be instantly dismissed as readily today as it could six months ago. A sluggish recovery would have made it a near-certainty that U.S. politicians would be taught a lesson in fiscal prud*ence in the next election. Now* the world could be forced to hold its breath until November next year.

The rising dollar

Britain shuns a 'concert party'

By Max Wilkinson, Economics Correspondent

WHEN Britain was asked to join the current five-nation attempt to drag back the dollar from its record-breaking flight, the answer was a swift and unequivocal "no."

As the concerted exercise moves into its second week, with the dollar still rising, there is probably some relief in the UK Treasury that it stood aloof from an operation which has so far cost about $2bn with no very clear sign of success.

For the time being, at least, there seems no likelihood that the British official position will change since any con*siderations of international* solidarity are heavily outweighed by domestic interests which point the other way.

The main effort in last week's tug of war with the dollar was expended by the central banks of Japan, West Germany, France and Switzerland, with the U.S. authorities tagging along *behind* with some "*modest*" intervention, thought to have been of the order of $100m.

However, European central bankers say that the agreement by the U.S. to take part, on July 29, was the key to the whole operation, *even* if the amount of intervention was small.

The main reasons for the intervention are firstly fears that a rising dollar would add to domestic inflation, since oil and other commodities are priced in dollars; secondly to prevent their own currencies sinking so far that they would *be forced to defend them* by raising interest rates.

At the same time, a consensus has emerged—with some dissenters—that the U.S. currency is much overvalued according to traditional yardsticks, including projections of countries' current accounts and relative price levels.

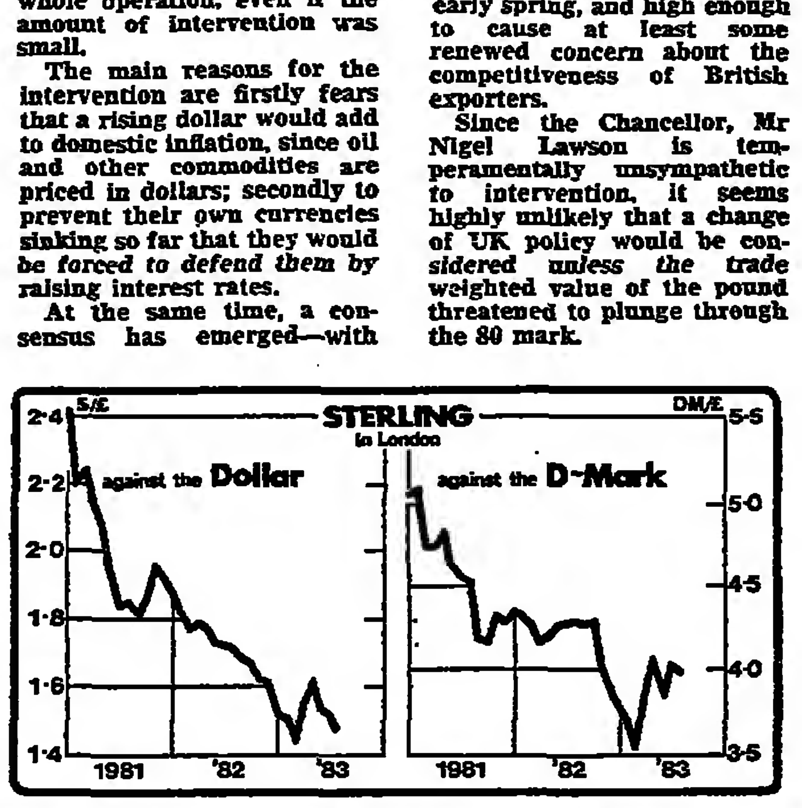
In the short run at least, any rise in the dollar will have an immediate adverse effect on the current account of the balance of payments of France and West Germany because of the consequent rise in the price of oil in domestic currencies.

The UK, however, is in a different position because of its role as a net oil exporter. A rising dollar increases the value of North Sea oil (which like other oil is priced in dollars), and thus increases the sterling value of the Government's tax revenue from the North Sea operations.

However, the British Government's main argument against joining the "concert party" is that sterling does not seem to be undervalued in general.

Its value against a trade weighted basket of currencies has remained at around 84 (1975=100) for some time, well above its level in the early spring, and high enough to cause at least some renewed concern about the competitiveness of British exporters.

Since the Chancellor, Mr Nigel Lawson is temperamentally unsympathetic to intervention, it seems highly unlikely that a change of UK policy would be con*sidered unless the* trade weighted value of the pound threatened to plunge through the 80 mark.



Letters to the Editor

The Stock Exchange and the Office of Fair Trading

From Mr B. Cottrell

Sir,—I am delighted to welcome your return to publication. One of the more far-reaching changes which you have been unable to cover is the development in the Office of Fair Trading's case against the Stock Exchange. *The major* restriction which the Government has not only retained but positively required is the single capacity of jobber or broker. Several commentators have suggested that this separation will not work without commission scales and others feel that the position of the jobbers has been specially protected.

On the first point, we shall have the opportunity to see. I believe that the proposal can be made to work, although it will not be easy. On the second point, it is important that advice to investors should not only be disinterested, but in fact patently so, which is ensured under single capacity. In the U.S. different safeguards (mainly disclosure) have been introduced to achieve the same end. One can argue which is the cheaper or more efficient route but not dispute the objective.

B. A. M. Cottrell.
Lee House,
London Wall, EC2

From Mr S. Green

Sir,—Am I alone in thinking that the Government's belated decision to stop the hearing in the Restrictive Practices Court against the Stock Exchange rule book serves more to protect what little vestige of credibility still attaches to the Office of Fair Trading than to let the Stock Exchange off the hook, as has been alleged in the columns of the substitutes to which in recent weeks we have had to resort?

I am certainly not alone in regretting the Council's readiness to dispense with minimum commission rates. This must lead to still higher commissions on *smaller bargains with a* further squeezing out of the private shareholder. It is true *that lower commissions should* benefit the members of the larger pension funds with in-house investment managements but there is no evidence to suggest that the institutions which manage the bulk of pension fund monies will pass the reduced rates on to their clients. Indeed just the contrary. We understand that we are one of the very few investment houses which passes on to its clients the substantial benefits of "continuation" commission.

Perhaps if the Department of Trade were prepared to recognise how widespread was this taking a turn on commission, some action might be taken but until that time the reduction in stockbrokers' incomes will be of little benefit to pension fund members and none to almost all private shareholders.

Is it too late to resurrect a suggestion that minimum commissions be retained, to be fixed not by the council of the Stock Exchange but by some independent body to whom all concerned parties could make representations?

S. J. Green,
2 Friars Lane, Richmond,
Surrey.

Decline in the universities

From Mr J. Russell

Sir,—There does seem to be an enormous similarity between our declining universities and the decline of their predecessors of some 700 years ago. The monasteries were replaced by *the new* grammar schools and universities very largely because their method of instruction had become static. The change brought tutorial and discursive education, capable of moving forward with the times. It was able to cope with the changing law and requirements of the land; and with that great Victorian introduction, science. But now it is evidently overwhelmed. Its reaction to ever-increasing world knowledge has become over-specialisation, and specialisation at an unrealistically early age. Meanwhile, the older universities who set the pattern do not seem to have noticed that those foul drains at Cambridge and Oxford, which once drove the dons to their summer houses for much of the year, have long since gone—they carry on with their six-month education year almost as the monks approached their demise as educators of the *civilised world,* awarding degrees after three years so narrow as to be almost useless in the great expanding world. Their decline is self-evident: scientific research is leaving the universities for the state—or *industry-funded* centres, medicine for industry or the state-run hospitals, mathematics to the computer companies: only the slow-moving law, languages and humanities remain. The recent Lever study points out the need for excellence in diversity.

As a start the Government could *refuse all grants to* universities which do not teach for 11 months a year, industry-style. It could lay down the standards of diversity which we should expect from a complete education.

The PM is reported to favour that private enterprise university at Buckingham, with its fresh approach. Perhaps that is the answer: to privatise Oxbridge and make its inmates justify their salaries.

J. E. Russell.
23 Milbank Court,
Darlington.

Unsatisfactory Bill re-presented

From Mr P. Carter-Ruck

Sir,—In his reply (April 29) to my criticism of the Data Protection Bill Mr Sieghart admits that there are "a good many things wrong" with the Bill but disputes my estimate of the cost of implementation which he says will be one-twentieth of my figure of £13m, namely £650,000.

I had not intended to revert to this following the dissolution of Parliament (when the Bill was "lost") but since this unsatisfactory Bill (widely criticised by many, including Mr Hermann, your Legal Correspondent) has been re-presented, I cannot leave this figure unchallenged. The financial memorandum to the *Bill states:*—"*The costs* over the first two years of developing hardware and software systems to enable Government Departments to comply with the Bill will be of the order of £5.5m. Annual running costs, once the scheme is fully operational, will depend upon the rate of requests by subjects for access; they might be of the order of £1m per year if the access rate were 0.1 per cent but if access rates were higher, the cost might be expected to increase similarly. A further £9-11m implementation costs might be incurred by local authorities and public bodies in each of the first two years, with running costs at around £13m in the first full year of operation, reducing thereafter."

In fact Sir Norman Lindop himself, in a lecture at the London School of Economics on May 5, described the system proposed by the Bill as "*impracticable,* costly, inefficient and unfair."

Peter P. Carter-Ruck.
Essex House,
Essex Street, Strand, WC2.

Deprived of lucubrations

From Mr W. Haines

Sir, — As general readers, we have all suffered "deprivation" (the latest in-word) during the FT's absence, satisfying as you do a wide range of interests. Those of us who are gardeners have been especially deprived, without the regular lucubrations of Mr Robin Lane Fox, your down-to-earth contributor, in both senses of the term. To be without his erudite wit at any time would be bad enough, but to be deprived of it during one of the best gardening seasons for a decade — some things are too much!

W. R. Haines.
Curdridge Croft, Curdridge,
Nr. Southampton, Hampshire.

Testimony to human ingenuity

From Mr R. Long

Sir,—The accounts of public bodies are testimony to human ingenuity. I would say that as an intellectual challenge to taxpayer and ratepayer, they are second only to Einstein's general theory of relativity. Virtually every ratepayer and taxpayer however understands cash in, cash out, and cash surplus. Every annual set of accounts should show people clearly from where cash has been received, on what it has been spent, and where it is proposed to spend any surplus.

R. P. Long.
Hillside, The Mount, Highclere,
Newbury, Berks.

The Médoc greats

From Baron Philippe de Rothschild

Sir,—I would like to express my appreciation of Edmund Penning-Rowsell's amusing and provocative piece in your issue of May 21. To be allowed to share a man's personal prejudices and predilections can be amusing, when they are well expressed and when the writer goes so far as to challenge our French custom, our notion of courtesy, our logic, one begins to enjoy his rather feckless style.

"Primus inter pares," this *struck me as a contradiction in* terms when I first saw it on a wine label in Dax many years ago. It certainly cannot be applied to any of the five Médoc greats, the "premiers crus." These are all "primus" judged by our strict laws and respected among the five. Mr Penning-Rowsell's personal taste must be expressed as such.

(Baron) Philippe de Rothschild.
Mouton-Rothschild.
33250 Pouillac, France.

FINANCIAL TIMES

Tuesday August 9 1983

RAW MATERIAL COSTS FALL IN JULY

UK inflation pressures diminish

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

INFLATIONARY pressures in the UK moderated further in July as the cost of industry's raw materials fell about ½ per cent compared with prices in June.

Figures published by the Department of Industry yesterday show the annual rate of increase of raw materials prices fell nearly a full percentage point between the two months to 6.4 per cent in July.

This will provide further encouragement to the Government in its belief that the inflation rate for retail prices could be appreciably less by the end of the year than was earlier feared.

In March the Treasury was predicting that inflation in the last three months of the year would have reached an annual rate of about 6 per cent. But officials are now confident that the rate will be about 5½ per cent.

The outlook for inflation in the next few months is of critical importance for the Government's economic strategy because of the need to keep wage rises on a downward path in the new pay round starting this month.

Any sign that wage inflation was starting an upward spiral would force Mr Nigel Lawson, the Chancellor of the Exchequer, to consider a further round of deflationary measures. He would be reluctant to do this while unemployment continues to rise.

Yesterday's figures showed that the annual rate of increase of factory gate prices also fell back in July to 5.5 per cent, compared with 6 per cent in June.

In the last three months the index of factory gate prices for goods other than food, drink and tobacco rose at an annualised rate of 4.5 per cent. The rate of increase in wholesale prices including food was somewhat smaller.

One reason for the deceleration of wholesale price rises recently has been the relative firmness of sterling since the general election in June. This has limited the rise of import prices in sterling terms.

The fall in manufacturers' input prices mainly reflects a 1.8 per cent decrease in the price of food material, and particularly that of home produced cattle, sheep, lambs and pigs. Prices paid by other industries increased only slowly, however, by about ½ per cent on average, with much of the rise attributable to higher prices of non-ferrous metals.

The increase in the price of materials and fuel for the motor industry rose only 4 per cent in the 12 months to July. This was reflected in a rate of increase of output prices of only 3.7 per cent.

The figures issued yesterday are the first in a new series called the Producer Price Index, which replace the former Wholsale Price Index. The index has been re-based with 1980 = 100, instead of 1975 = 100, with some changes of definition and new weights assigned to different sectors of industry. Figures based on the former definitions are being published for purposes of comparison.

The Government also published encouraging figures yesterday for retail sales in the first half of the year. Latest revised figures for June show a continued increase in the volume of sales. These rose 2.3 per cent in the three months April to June, compared with the level in the first three months of the year.

Officers mount coup against Guatemala president

By Hugh O'Shaughnessy, Latin America Correspondent, in London

General Efrain Rios Montt was toppled as President of Guatemala in a coup backed by officers of all three armed services, in which five people were killed.

General Rios Montt, who came to power in a coup in March 1982, conceded after a brief struggle by troops loyal to him in which five people were killed, officials said. Warplanes and helicopters constantly flew over Guatemala City and troops and armoured cars were deployed in the streets.

The new President's strategy has yet to be announced. It is, however, unlikely that he will want to move to the Left, given that he is backed by the country's top generals. He may want to carry out the often confused promises made by Gen Rios Montt to call elections next year.

Gen Rios Montt's ambivalence about elections had been the cause of no little impatience in military and political circles, and rumours of coups against him had abounded in recent months.

The U.S. Government was also somewhat embarrassed by his ambivalence about elections. Gen Ríos Montt committed himself to holding elections after he met President Ronald Reagan at the Honduran city of San Pedro Sula in December. Some weeks later he cancelled plans for a poll, but later still reinstated them.

Gen Rios Montt ran a tough right-wing government

The British Government will be watching Gen Mejia Victores's attitude towards Belize, the independent Commonwealth country on Guatemala's north-eastern border, to which successive Guatemalan governments have laid claim.

U.S. troops in Honduras, Page 6

THE LEX COLUMN

No stopping the dollar

There is little that foreign exchange markets enjoy more than taking on the central banks at the intervention game. As usual, the central banking wizards have done no more than guarantee a two-way market and marginally affect the momentum of currency movements. The Treasury has mercifully ensured that the UK stays well clear of these shenanigans, while the Federal Reserve's modest participation seems designed more to pacify its counterparts elsewhere than to influence the external value of the dollar.

The West Germans and the Japanese admittedly have more to worry about. Sterling's trade-weighted index has held up relatively well, despite the obvious reluctance of the authorities to use either interest rates or market intervention except as a very last resort. The pound is being shored up by the greater confidence surrounding oil prices, as well as by the appearance of fiscal rectitude being displayed by the new Government.

Yesterday, it added roughly half a cent against the dollar while pushing back above the DM 4 level. While the overriding preoccupation of the financial markets may still be the level of U.S. interest rates required to moderate what appears to be a galloping economic recovery, the continuing weakness of the D-Mark is looming ever larger.

The D-Mark money markets are already anticipating some change in official West German interest rates when the Bundesbank council meets on Thursday, now that the intervention weapon has been blunted. French austerity measures have taken their toll on German exports, while world markets for capital goods remain in the doldrums. With the DM/sterling parity already penalising British exporters, it would look extremely odd for the Bank of England to take action in support of its own currency.

The key figure in this drama, however, remains the Federal Reserve. Yesterday's half-point increases in U.S. prime rates were hardly more than a formality and attention is still focused on the Federal Funds rate, which, at 9⅝ per cent, stands a full point above its May average.

Whether or not the Fed is tailoring its control over banking reserves to the level of interest rates, rather than the monetary aggregates, may not matter much to the financial markets. The six-month Eurodollar rate has risen from 8¾ to 11⅛ per cent since the end of May, underlining the market's own verdict that administered rates are set to rise further. The litmus test will probably be the Fed's own discount rate which looks increasingly stranded at 8½ per cent.

To international investors, the dollar still looks safe refuge. The strength of capital flows towards the dollar is compensating more than adequately for an ever larger deficit on merchandise trade and the flows are likely to accelerate if anyone puts a foot wrong in Latin America. Moreover, with a budget deficit on the U.S. scale, there is no shortage of financial assets to choose from.

P & O

The task facing Trafalgar House to win control of P & O looks uphill all the way. The imminent appointment of Mr Jeffrey Sterling as executive chairman of P & O closes an important gap in the company's defence. The original rejection document may have been tactically correct for the phoney war stage, but its profile was so low that it left several question marks among its institutional readers about leadership. Mr Sterling has established a reputation as a company doctor at Town and City, but his strong City of London links and following are a more important factor.

With Mr Sterling's City credibility, P & O should be able to launch an aggressive campaign outlining mouth-watering development plans. Meanwhile, even if the Monopolies Commission gives the green light to a take-over, time is now on the company's side. A renewed bid is unlikely to come to a head before late spring, by which time P & O should be able to forecast a healthy profits advance for 1984, perhaps to £55m. A cyclical upturn is already perceptible in parts of the shipping portfolio, notably cruise ships and ferries and by next summer the outlook for the LPG fleet may be looking a good deal more exciting. The prospects for spinning-off OCL may also be more of a market factor – a move that could unlock about a third of P & O's present market capitalisation.

So a Trafalgar offer in the 250p range, which the institutions would have snapped up this summer, may not seem overwhelmingly attractive next spring. And Trafalgar will be stretched to pay much more. While there are no immediate plans for a merger with Town and City – which would create a combined group clearly out of Trafalgar's range – the possibility remains a last resort defence that is likely to dampen the vigour of Trafalgar's attack.

Merck/Banyu

The acquisition by Merck of a controlling stake in two Japanese pharmaceutical companies takes Japan's policy on overseas investment into uncharted waters. The U.S. group has established a firm foothold in an industry which will play a key role in Japan's economic strategy between now and the end of the century. More interesting still, it has knocked on the head the notion that foreigners will automatically be debarred from taking majority control of important Japanese companies.

Banyu, much the larger of the two acquisitions, ranks among the top 20 Japanese drug companies and is listed in the first tier of the Tōkyo Stock Exchange. Merck's investment – amounting to $313m – is considerable even by U.S. standards.

The approval of the Ministry of Finance for this deal should not construed as the dawn of a new age. Foreign investment is being channelled into areas where local technology is deficient, such as industrial gases, or where Japanese companies will need international connections in order to succeed. The drug industry falls into the second category. Banyu already had links with Merck but its own record of developing pharmaceutical products was less than glamorous. The rapturous reception of the Tokyo Stock Exchange to this deal may, however, encourage the MOF to spread its net a little wider, for example to encompass companies which enjoy links with General Motors or IBM.

U.S. banks raise prime to 11%

Continued from Page 1

large U.S. banks and a host of smaller ones. Mr Walter Wriston, chairman of Citibank, said that he expected a "blip" in short-term U.S. rates because of concern about the growth of U.S. monetary aggregates.

Mr Wriston differs from some respected Wall Street analysts, however, in expecting short-term rates to decline again by the year-end.

The bank's decision to raise their prime rates reflects the increase in funding costs over the six months since prime was lowered from 11 to 10.5 per cent in February.

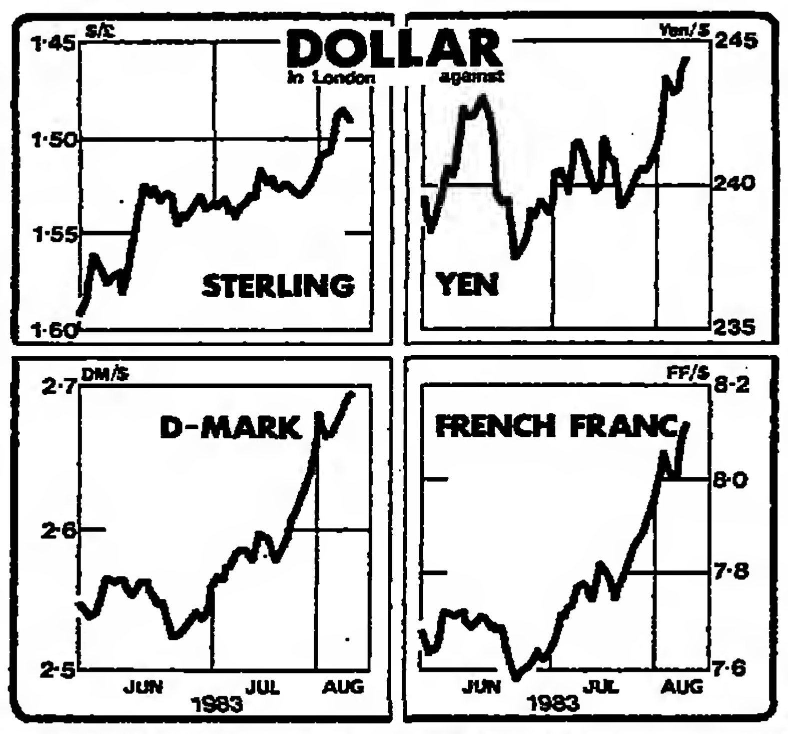
In that time, short-term rates have generally risen by around 2 percentage points; for example, the rate on six-month certificates of deposit has moved from 8.4 to 10.4 per cent.

Dealers in the currency markets were unwilling yesterday to guess when the dollar's ascent might come to an end. There was general agreement, however, that the world could not go on accumulating dollars indefinitely.

The intervention by central banks was not seen as likely to break the trend. The Bundesbank nevertheless confirmed yesterday that it was intervening in the currency markets to support the D-mark.

It sold $75.6m in the Frankfurt fixing to prevent the D-Mark being fixed at more than DM 2.70, and succeeded in securing a rate of DM 2.6994 – the lowest fixing against the dollar since February 1974.

The Bundesbank gave rise to speculation in the Frankfurt money markets that new initiatives might be taken to defend the D-Mark. The central bank's action in allowing DM 4.5bn to drain out of the money markets as repurchase agreements with commercial banks matured was seen by some as suggesting that this Thursday's meeting of the Bundesbank council could lead to an increase in official interest rates.



Japan heading for major policy dilemma on economy – OECD

Continued from Page 1

market when jobs were short. Any tendency for women to be less flexible in response to the supply of jobs might tighten the labour market, the report says.

But while the government deficit has risen rapidly in the last decade, because of increased spending on social projects as well as rising pensions and other welfare payments, revenues, based on a comparatively narrow tax base, have not risen commensurately. Total tax revenue was only 26 per cent of output in 1980, compared with 36 per cent for the OECD countries as a group.

The government deficit rose to 3.8 per cent of output in 1981, and although this was comparable to the average for the major six industrial countries, the OECD estimates that the proportion of the deficit in Japan which is "structural" (that is, not attributable to the effects to unemployment) is much higher in Japan than in the other major countries.

In this financial year, interest payments on the central government debt are expected to be greater than total outlays for public works and to be nearly as large as expenditures on social security, the OECD says.

It says: "Lower inflation and continued high long-term interest rates (partly a result of large budget deficits) will mean a rising real burden of interest payments. Concern about this prospect is heightned by the fact that a large number of bonds will have to be redeemed from 1985: their renewal at present long-term interest rates would impose heavy real costs."

The organisation also identifies a further danger that private investment would be crowded out in future by the volume of government debt. This did not happen in the 1970s, because heavy government borrowing essentially replaced corporate borrowing, reduced in the wake of the oil shock. At the same time households had increased their saving to replace the assets which had been eroded by the high rate of inflation.

OECD economic forecast – annual percentage rise

	1982	1983	1984
Output	3	3¾	3½
Inflation (GNP deflator)	2	1½	2¼
Private consumption	4.2	4	3½
Exports	3.2	3½	7
Imports	3.1	0	5½
Industrial production	0.3	1½	4
Balance of payments current account ($bn)	6.9	18	22
General government deficit as per cent of output	4.1	3.4	2.5

Source. OECD

However, corporate borrowing has now held up despite the recession. There also seems less likelihood of an increase in savings while inflation remains low and an increasing proportion of the population moves into a period of retirement when savings are generally spent.

From these trends the OECD identifies a policy dilemma that faces the Japanese authorities.

Although the Government will wish to encourage growth at or above its present rate in order to minimise possible problems in the labour market, it will also wish to continue its policy of curbing the structural budget deficits.

The OECD says that any attempt to cut the programme of public works already agreed for the first half of this fiscal year could be self-defeating, but for it adds: "A more expansionary fiscal stance could but inflate public indebtedness, and by aggravating the already high burden of interest payments, further complicate the task of reducing deficits in the medium term."

Although exports are expected to rise at an annual rate of around 6 per cent after mid 1983, this is expected to reflect the general improvement in world trade and the recovery of the U.S. economy. The OECD points out that recently Japanese exports have shown little growth while the low value of the yen and the slow increase in wages has sharply increased the price competitiveness of Japanese manufactured goods.

Since trade restrictions appear to be the main barrier to a surge in exports, the OECD says it would probably be in Japan's interest to foster an appreciation of the yen. A current account surplus of $18bn is predicted for this year

A move to a higher value for the yen would help to dissipate some of the pressure for trade restrictions and at the same time help to keep the domestic inflation rate down.

Japan OECD Economic Surveys 1982-83 Organisation for Economic Co-operation and Development, 2, rue André-Pascal, 75775 Paris CEDEX 16, France. (Subscription U.S. $67, £30, FFr 300).

FT pressroom talks set for this week

Continued from Page 1

sult, and now we have got to get back to good relations with the company."

He said the value of the deal for the NGA was that the union had been able to achieve a sovereign agreement rather than have one imposed upon it on the basis of a previously concluded Sogat deal.

He added, though, that with the conclusion of a joint pressroom agreement "the differential problem is resolved in the FT machine room."

Mr Bill Keys, general secretary of Sogat, who though not immediately involved in the strike, played a key role around many of the negotiations during it, was less sure: "I would like to believe it will be the end at the FT of the traditional differentials problems, but who can say with Fleet Street?"

Although all NGA members at the FT came out on strike on May 31, and were subsequently dismissed by the company, the dispute centred on 24 machine managers, represented by the NGA and comprising 16 regular and eight casual employees, and the relationship of their pay, manning levels and working practices to the machine assistants, represented by Sogat. The machine assistants took no part in the strike.

In the protracted history behind the dispute, the company was trying to harness these two groups together under one single, comprehensive agreement – the joint pressroom agreement, which would allow only for a common pay claim and would exclude unilateral repudiation of the agreement by either union.

Difficult and protracted negotiations led last year to the company's reaching a deal with Sogat first, rather than the NGA. From that point, a dispute with the NGA loomed large.

The NGA was pressing for a rate first of £330.77, and then of £322, without it being linked to the pressroom agreement, and for certain manning levels.

Mr Kerr, the mediator, eventually found for the union on manning, but awarded the management rate of £304.67 on pay. Since then, much of the attention in the dispute was focused on the company's consideration of non-NGA printing methods, and of action by the Trades Union Congress which underwrote the mediation.

When the NGA rejected the mediator's award, the TUC moved slowly towards suspension and after that expulsion of the union, which was averted only by the settlement last week.

Under the terms of the deal, the NGA accepted Mr Kerr's recommendation. In addition, the FT is to pay £7 a week for minor matters, mainly related to the machine managers' finishing time at work, which were not covered by Mr Kerr's award.

The NGA gave a commitment to secure a joint pressroom agreement within 14 days of a return to work, which took place on Sunday. Mr George Jerrom, NGA national officer for Fleet Street, yesterday contacted the company and offered to hold talks on Friday.

Mr Alan Hare said in his statement: "This strike must be regarded as one of the most unrewarding in the annals of Fleet Street. The company is the largest financial loser in the short term, since in a year which should have been our most successful ever, the dispute has lost the newspaper nearly £10m of potential trading profit to the consequent discouragement of investors, both actual and potential.

"The management's gains have been a new commitment by the NGA to a joint pressroom agreement with Sogat '82 and an acceptance by the NGA of the standard industry differential with Sogat '82 in the machine room. They have also accepted a valuable number of commitments to higher performance and productivity within the £304.67 the machine minders were already getting and for the extra £13 which they will have gained when the joint pressroom agreement is signed.

"The strikers are the main financial losers in the longer term, since they have lost an average of £4,200 per head of earnings from the company during the strike. Even assuming annual national wage increases as high as 5 per cent per annum, it will take them three and a quarter years to make up this deficit. The period will only be somewhat shorter for the machine minders. By virtue of their potential £13 a week increase it will take them approximately two years.

"The union's gain is that it has confirmed that it can negotiate on its own a separate deal for its members though at a loss to its own funds through strike pay.

"The company as a whole will have gained from this tragic experience if it has persuaded a sufficient number of the people who work for it that the only way to keep jobs and maintain living standards is to work together to develop the newspaper and to produce an even better quality and more comprehensive service.

"We apologise to readers and advertisers for our long absence and thank you for your support and understanding."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	F	23	73	Malaga	S	29	84	Salzburg	S	22	72
Akrotiri	S	29	84	Faro	S	22	72	Malta	–	—	—	Seoul	C	31	88
Algiers	F	27	81	Florence	F	28	82	Manila	C	32	90	Singapore	R	31	88
Amsterdam	S	25	77	Frankfurt	C	22	72	Miami	C	31	88	Stockholm	S	26	79
Athens	S	32	90	Funchal	F	23	73	Milan	C	26	79	Strasbourg	S	25	77
Bahrain	S	37	99	Geneva	C	22	72	Moscow	S	28	82	Sydney	–	—	—
Bangkok	S	29	84	Gibraltar	F	25	77	Munich	F	21	70	Taipei	C	31	88
Barcelona	F	25	77	Guernsey	C	17	63	Nairobi	–	—	—	Tangier	F	24	75
Beirut	S	32	90	Helsinki	S	22	72	Naples	S	29	84	Tehran	–	—	—
Belgrade	C	25	77	H. Kong	S	34	93	New Delhi	C	35	95	Tel Aviv	S	30	86
Berlin	S	23	73	Innsbruck	S	22	72	New York	S	35	95	Tenerife	S	27	81
Biarritz	T	20	68	Inverness	F	21	70	Nice	S	27	81	Tokyo	S	34	93
Blackpool	C	19	66	Istanbul	F	25	77	Oporto	S	23	73	Toronto	C	30	86
Bordeaux	S	27	81	Jersey	S	22	72	Oslo	C	27	81	Tunis	S	33	91
Brussels	S	24	75	Jo'burg	R	14	57	Paris	S	26	79	Valencia	C	24	75
Budapest	–	—	—	Las Palmas	S	24	75	Prague	S	23	73	Venice	S	25	77
B. Aires	C	14	57	Lima	S	22	72	Reykjavik	R	10	50	Vienna	C	19	66
Cairo	S	33	91	Lisbon	C	24	75	Rio de J'o	C	26	79	Warsaw	C	25	77
Cape Town	–	—	—	Locarno	S	24	75	Rome	S	30	86	Zurich	S	23	73
Caracas	C	26	79	London	S	24	75								
Casablanca	F	24	75	Los Angeles	C	36	97								
Copenhagen	S	24	75	Luxembourg	S	24	75								
Corfu	S	28	82	Madrid	C	32	90								
Dublin	S	23	73	Majorca	C	31	88								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Sri Lanka in appeal for aid

Continued from Page 1

who make up much of its qualified staff, feel safe enough to return to work.

But there is still a risk of further outbreaks of trouble even though Government officials claim that Tamil-Sinhalese riots only occur every three or four years at the most.

Yesterday, Tamil leaders sharply attacked a Government plan to nationalise temporarily all damaged industrial property.

The Government insists that eventually it will return the properties, at least in part, to the former owners.

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday August 9 1983

CSX wins control of Texas Gas Resources

By William Hall in New York

CSX CORPORATION, which was formed following the merger of the Chessie and Seaboard Coast-Line railroad systems in 1980, has won control of Texas Gas Resources, which operates gas pipelines and oil exploration and production companies.

CSX has faced several obstacles in its $1.07 bid for Texas Gas. It fought off a rival bid from Coastal Corporation last month but completion of the takeover was then further delayed by a legal battle which argued that the owner of the third biggest railroad system in the U.S. could not takeover an operation which included Barge Lines. Under the Panama Canal Act railroads need the permission of the U.S. Interstate Commerce Commission to control a barge line.

CSX has overcome the problem by putting the shares of Texas Gas's barge subsidiary in an independent voting trust whilst the ICC determines whether CSX should be barred from owning the unit. As a result a temporary injunction preventing the takeover going ahead was lifted last week.

Richard Lambert in New York singles out the winners and losers from a stronger trading period

U.S. corporate profits bounce back in quarter

AFTER SIX consecutive quarters of year-on-year declines, U.S. corporate profits took a decisive turn for the better during the second three months of 1983. When the final figures are in, it looks as though after-tax profits will in aggregate be roughly a tenth higher than in the same period of 1982, and about a fifth better than in the depressed first quarter of this year.

The results give a clear picture of what led to the 8.7 per cent rise in real Gross National Product during the latest three months. Companies connected with the housing industry have done very well, and so have those which have been able to gain from a surge in consumer spending – up by an annualised 10 per cent during the quarter in real terms. But the capital goods manufacturers have still been having a lean time.

On the housing front, U.S. Home was able to report that net income in the latest three months was 343 per cent up on the previous year's level. Although the recent rise in interest rates is beginning to have an impact on the demand for new houses, U.S. Home's new orders rose by nearly two-fifths in July.

This upturn has already flowed through to the domestic appliance industry – groups like Whirlpool and White Consolidated reported much higher profits – and to the forest products sector. Weyerhaeuser's net income rose by 126 per cent in the period. Apart from an improvement on its building materials side, the company said that the recovery in the pulp, paper and packaging markets was "coming on more strongly than anyone had anticipated."

But it has been the numbers from Detroit which have really caught the headlines in recent weeks. After four dismal years, the big three automakers reported aggregate profits of $1.9bn after tax, a record figure which was far ahead of Wall Street's expectations. The companies are planning to increase their output by well over a third in the current three months, and already there is speculation that its new-found wealth will tempt the industry to fall back to its bad old ways. The cover story in the latest Fortune magazine asks: Will success spoil General Motors?

The non-food retail sector has been another big gainer from the rise in consumer spending. Profits from groups such as Federated Department Stores and Dayton Hudson have moved sharply ahead, and net income at Sears, Roebuck jumped by 88 per cent. On the merchandising side, where profits nearly doubled, Sears reported strong demand for durable goods with added strength emerging in home fashions and men's apparel.

However, one segment of the consumer goods market has come a real cropper. Texas Instruments (TI) reported a pre-tax loss of $183m on its home computer operations during the quarter, which was enough to leave the group as a whole with an after-tax loss of $119.2m and to threaten an overall loss for 1983. TI said its problems stemmed from excessive overheads and its inability to reduce manufacturing costs as rapidly as required to meet competitive prices.

Some of the other small computer makers have done well, and old big blue – IBM – has continued to power ahead. But there has been all kinds of grief in the video games business, with Warner Communications reporting a second quarter loss of $339.6m and Mattel also producing large red numbers.

The further you move away from the consumer sector, the more mixed the results become. The airlines, for instance, have produced some surprisingly uneven figures. Pan Am moved from an operating loss of $41.2m to a profit of $49.7m, thanks to a sharp reduction in overheads and an improvement in international traffic. American and United also did well. But Delta and Eastern have suffered from keen price competition on many routes, and have slipped into losses.

Out there in smokestack America, however, there are clear signs of life in the chemical industry. Du Pont produced its best quarterly earnings figure since the end of 1981, and reported major gains in its fibres and polymer products segments. Dow Chemical also announced a rise in operating profits, and said it had been encouraged by a pick-up in basic chemicals and plastics, which had started in May and was complementing the strong profit trends in its speciality chemical activities.

Among the oil companies, a number of the big international groups showed much better figures. Mobil's earnings were up by two-fifths, and with the help of Opec price reductions and improved product prices, its foreign petroleum earnings climbed by nearly 90 per cent.

But some of the domestic energy companies had a much more spotty time, and on the oil service and supply side, groups like Baker International, Dresser and Hughes Tool made big losses.

Hard times down in oil country have also hit steelmakers like LTV and Armco. A year ago, they were still making a killing from sales of tubular goods to the drilling industry, but for the time being this business is just about dead. The steelmaker are also having to cope with intense price competition and rather disappointing levels of demand. Bethlehem Steel, for instance, has lowered its forecast for domestic industry shipments from 72m tons to 69m this year.

Taken as a group, the big seven steel companies produced a better operating performance in the second quarter than they did in the first. But they still lost a combined $516m after tax, and are likely to remain in the red during the current three months.

There is better news, though, from the aluminium sector. With U.S. smelters running at around 90 per cent of capacity, Alcoa's profits more than doubled in the period. Reynolds Metals reported a loss of $69.1m, but that included big write-offs. At the operating level, Reynold's losses fell from $52.4m in the first quarter to $16.4m in the second, and with product prices now improving the group hopes to be back in profits during the current half-year.

Makers of capital goods and heavy machinery are still doing as badly as you would expect: groups such as Caterpillar, Allis-Chalmers and Cummins all made big losses.

But there are glimmerings of light on the horizon.

For instance, Cincinnati Milacron, the machine tool manufacturer, expects to make a loss for the year and says that new orders are still a fifth below last year's level. But, it adds: "We are firmly convinced that we have reached the bottom of the valley and are on the way up."

In the financial sector, meanwhile, Wall Street securities firms have reaped fat profits out of the bull-market and groups such as Hutton, Paine Webber and Merrill Lynch registered vast profit increases. The commercial banks showed a more sedate performance, although the year-on-year fall in interest rates enabled many of them to post very respectable profit gains.

Citicorp, for example, reported a 53 per cent rise in net income to $210m. Within that, its consumer related business jumped from $4m to $56m.

But the property-casualty insurance industry is still bumping along at the bottom of a depression. Aetna's underwriting results on its commercial insurance side were no better than in 1982, and Cigna's operating income in the three months fell by around a quarter.

Ericsson to form link with Honeywell

By Jason Crisp in London and David Brown in Stockholm

ERICSSON, the Swedish telecommunications group, and Honeywell, the U.S. computer company, plan to set up a joint venture in the U.S. to develop products which will integrate voice and data communications.

The proposed joint venture follows a succession of links between telecomunications and data processing companies. Most of the links have been agreements on technology and communications standards.

But the most significant was IBM's purchase of 15 per cent of the equity of Rolm for $229m. Rolm is a fast-growing Californian company which began making computers for military use but now has a very successful range of digital private telephone exchange (PABXs).

The agreement between Ericsson and Honeywell is not expected to be completed until October. The venture will be equally owned by the two companies and will be based in Anaheim, California, and Dallas, Texas.

Honeywell will also market Ericsson's digital PABX in the U.S. as part of a series of technology exchanges and licensing deals which will be finalised in October.

The digital PABX, called the MD 110, will be marketed in the U.S. by both Honeywell and Ericsson Inc, jointly owned by L. M. Ericsson and Atlantic-Richfield. Honeywell is expected to concentrate on selling the MD 110 to its building services customers, and Ericsson will in the first place be selling the exchange to banks.

The new company will formally begin operations next October, but employees will not be transferred to the joint venture until the beginning of next year. The Ericsson staff to be transferred are currently adapting the MD 110 for the U.S. market.

The U.S. market last year accounted for about 20 per cent of Ericsson's sales.

Court pressure forces Marc Rich to tender documents

BY PAUL TAYLOR IN NEW YORK

MARC RICH and Company AG, the Swiss-based commodity trading group, has agreed to hand over documents subpoenaed more than a year ago by a U.S. grand jury investigating possible tax violations in the U.S.

The agreement negotiated between government lawyers and those representing Marc Rich comes as the Swiss-based company was facing increasing court pressure to comply with the subpoena request.

Under the agreement reached late last week, Marc Rich, a highly profitable but secretive commodity trading group with extensive operations in the U.S., has agreed to hand over documents from the Swiss parent company by August 19.

Until then Marc Rich will continue to pay the $50,000-a-day contempt of court fines imposed by a New York federal judge last month for up to 18 months.

The company has already paid $1.35m in fines and was due yesterday to pay a further $1.25m. If the company provides the documents by August 19 it is understood that some of the fines could be refunded.

Marc Rich also agreed to comply with additional subpoenas that have been issued against three of its affiliated companies, Rescor, Highams Consultants and Linquin.

The company, which was formed in 1974 by Mr Marc Rich and some of his colleagues who worked at Phibro, also agreed to pledge $55m in securites to the U.S. Government – twice the total of possible contempt of court fines that would accumulate if the contempt citation ran its full 18-month course.

Last week a New York judge had threatened to freeze up to $55m of Marc Rich's U.S. assets – effectively halting the company's U.S. operations – unless the group negotiated a settlement with the Government.

Much of the $55m will be secured by oil leases held in the U.S. by Clarendon, a company formed last month when Marc Rich's U.S. unit, Marc Rich and Company International, was sold to some of the company's own principals.

That sale led to the imposition of restraining orders against some of the company's banks and customers in a court sponsored attempt to head off the transfer of U.S. assets.

U.S. attorneys also won guarantees that the company will not liquidate its assets.

Mr Morris Weinberg, Assistant U.S. Attorney, said. "The Government is fully protected against the dissipation of Marc Rich assets and it appears we will get the document sought."

The Government, in return for the agreement, will lift most of the 20 restraining orders already sent to Marc Rich's banks and customers. The notices had frozen as much as $2.7m that might be owed to Marc Rich by each of these companies.

Marc Rich was first subpoenaed in April last year by the grand jury investigating whether the company evaded U.S. taxes. The Government has suggested that the U.S. subsidiary paid its parent company inflated prices for oil thus transferring assets overseas.

Marc Rich has argued that the transactions between its U.S. and Swiss units were at arms length and had refused to turn over documents from the Swiss company because it argued the Swiss company was not subject to a U.S. subpoena.

Lawyers for Clarendon maintain that the new company is an entirely separate entity from Marc Rich. Nevertheless, Clarendon executives, in newspaper reports, have been quoted as saying that the agreement with the Government had been reached because of the damaging effect of publicity surrounding the case on Clarendon and Marc Rich's operations.

Domtar shows strong advance in earnings

By Our Financial Staff

DOMTAR, the Montreal-based pulp, paper, chemicals and building materials group, revealed a recovery in after-tax operating profits in the second quarter. Net profit was up from C$2.7m to C$7.4m (US$5.98m) on sales C$25.3m higher at C$450.2m. Earnings per share jumped from 14 cents to 40 cents.

The improvement took the half-year net profit to C$7.9m, compared with C$14.5m for the first half of 1982 when full year profit slumped from C$60.2m to C$10.3m.

Half-year sales this time were slightly down from C$882.3m to C$860.2m and earnings per share from 79 cent to 42 cents.

After an undisclosed extraordinary gain six month earnings were C$9.1m, compared with a year earlier when an extraordinary debit produced a C$5.6m loss.

● Dominion Textile reports a recovery to net profit for 1982–83 after a fourth quarter upturn from a C$20.04m net loss to C$10.95m profit. For the 12 months profit reached C$19.07m, equal to C$1.41 a share, compared with a C$14.4m loss for the previous year when there was a special charge of C$11.5m in the final quarter.

Fourth quarter sales were up C$48.9m at C$236.9m, taking the annual total to C$822.4m.

Earnings setback for MCA in second quarter

BY OUR FINANCIAL STAFF

MCA, the films and records company which made a fortune out of Steven Spielberg's film ET – The Extra Terrestrial, came down to earth in the second quarter with net earnings falling from $38.6m, or 81 cents a share, to $37.1m, or 78 cents.

Revenues were $351.4m, against $352.8m. Net earnings for the first six months jumped from $62.8m, or $1.32 a share, to $76.2m, or $1.59, on revenues up from $678.1m to $782.3m.

First-quarter earnings were boosted by record-breaking revenue from ET, and the group said in May it did not believe results for the quarter would be indicative of earnings for the full year.

The film helped MCA almost to double 1982 earnings from $89.8m to $176.2m, on revenues of $1.59bn against $1.33bn in 1981.

● Loews Corporation, the hotel, movie theatre and insurance conglomerate increased its net income in the second quarter of 1983, ending June 30 by 54.2 per cent to $60.46m mainly as a result of the much improved performance of its CNA insurance operation, writes **William Hall in New York.**

The jump in second-quarter profits follows a strong performance in the first quarter when earnings were boosted by a $45.9m gain on the sale of the group's Montcalm and Churchill hotels in London.

Taiwan Power seeks $190m

TAIPEI – Taiwan Power's loan negotiations with the Hongkong and Shanghai Banking Corp and Chartered Bank are for $190m. The company said agreements on the loan, the first from Hong Kong banks, are expected to be signed later this month.

The loans, $120m from the Hongkong and Shanghai Bank and $70m from Chartered Bank, carry interest of 0.375 percentage point above London interbank offered rate (Libor), and will be repayable over 10 years.

The loans have been approved by the finance ministry and will be used to finance Taiwan Power's long-term development projects including the building of its third and fourth nuclear power plants.

Reuter

FRENCH STATE CHEMICALS GROUP PRIMES ITSELF FOR PROFITABILITY AFTER 1985

Rhône-Poulenc in convalescence

Rhône-Poulenc is making steady progress down the path to recovery, reports David Marsh from Paris. The company is one of the key elements in the Government's plans to streamline the French chemical industry, which has suffered a string of losses in recent years as a result of structural weaknesses and fragmentation.

RHÔNE-POULENC, France's nationalised chemicals group, which has fought for years with heavy losses and mounting debts, will need three more years of state capital injections, but looks forward to becoming profitable after 1985, according to M Loïk Le Floch-Prigent, the chairman.

M Le Floch, who took over as the head of the group last summer, said 1984 and 1985 would be "years of consolidation" in which the company would need further financial support from its state shareholder to fund investments, above all because of the heavy cost of servicing its debts. "I will make profits afterwards," he said.

Rhône-Poulenc made net losses of FFr 844m ($104.7m) last year, well up from the FFr 335m deficit in 1981. The deterioration was largely due to restructuring costs and accounting changes aimed at "cleaning up" the balance sheet. Operating profits were up 60 per cent.

The company is one of the key actors in the Government's overall plan to reorganise the chemical sector, which has suffered for years from fragmentation and structural losses.

Rhône-Poulenc has already pruned its artificial fibres sector, and divested to other state-owned groups its heavily loss-making fertilisers business. Now, under the restructuring plan finalised during the summer by the Industry Ministry, the company is taking over the fine chemicals and pharmaceutical activities previously owned by the nationalised aluminium group Pechine-Ugine Kuhlmann.

As part of the deal, the large PUK bulk chemicals business in Halogens is being transferred to state-controlled oil concern Elf Aquitaine. This will mean that Rhône-Poulenc will lose to Elf the distinction of being France's largest chemicals group.

But the transfer of PUK assets will add to Rhône-Poulenc's concentration of activities in the speciality chemicals field. The company is now seen by M Le Floch to have one of the best mix of activities of any international chemical group. About three-quarters of its business is now in speciality areas such as health products, pharmaceuticals and agro-chemicals, with only about a quarter in bulk or "commodity" chemicals.

Rhône-Poulenc, employing 31,000 worldwide, does 70 per cent of its business in international markets – 30 per cent through direct exports from France and 40 per cent through foreign subsidiaries. So far this year, it has continued to suffer the effects of the stagnating economy.

Group turnover, which totalled FFr 37bn last year, rose just 7 per cent in the first five months compared with the same period in 1982. Speciality areas recorded above-average growth rates but the company's important Brazilian subsidiary – where profits rose sharply last year – suffered an 18.5 per cent fall in turnover, caused by the cruzeiro devaluation and the Brazilian economic crisis. Turnover has also fallen in the U.S., above all, because of problems in agro-chemicals.

M Le Floch said he has still seen no recovery in the U.S. "I would like to believe it, but I am much more prudent than other observers," he said. "I believe much more that the world chemical industry will continue in relative stagnation for the next three years, even though there will be certain products which grow faster than the rest."

M Le Floch, aged 39, previously a top civil servant at the Industry Ministry, was nominated to take over the reins of the company in July 19 by M Jean-Pierre Chevènement, the former Industry Minister. This followed the abrupt resignation of the former chairman, M Jean Gandois, in protest over the Government's policies for the group, which was nationalised in February 1982.

M Le Floch blames the poor profits outlook squarely on high debt charges inherited from Rhône-Poulenc's past few years of problems, particularly in the textiles sector.

"In order to make profits, it is necessary that my financing margin permits me to fund investments myself", he said. "That is not the case today. Therefore, it will be necessary to have an effort from the shareholder to re-create a margin for self-financing in the two years ahead."

Financial charges last year were FFr 2.1bn, or 5.7 per cent of turnover. "After the measures which have been taken in fertilisers and textiles, we have a manufacturing performance which corresponds to that of our rivals. But I have to do better, because of my debts... Supposing that there was a moratorium on the debts, that is to say, our financial charges were the average of those of other international chemical groups (around 2 per cent of turnover), then we would make a profit."

Referring to capital injections by the state since the company was nationalised, M Le Floch said: "Already the public shareholder has done better than the private ones – FFr 1.5bn in two years (plus subordinated loans from the nationalised bank), compared with FFr 450m in capital increases from the previous shareholders over the past 10 years. I imagine that the state believes that, to have the best financial outcome, it will be necessary to continue supporting me so that I can start to pay fat dividends very quickly."

Although the chemical industry as a group has been one of the prime recipients of government cash injections since the nationalisations. M Le Floch says: "The amounts in question for me are minimum sums. Rhône-Poulenc is not a steel company." Of the battery of loss-making state-owned groups in steel, chemical and electronics, he says: "One can say that there are invalids and convalescents. I judge that I am among the convalescents."

One of M Le Floch's prime considerations is to boost the international penetration of products in areas like pharmaceuticals, where the company is the main group in France but is only 11th in the world. He aims particularly to attack the U.S. and West German markets

Rhône-Poulenc's slimmed-down textiles business now makes up 16 per cent of turnover. As other activities become more important, M Le Floch says, this percentage could "slip slightly". Its nylon and polyester sectors are still growing, but the company has difficulties in rayon, acrylic fibres and bonded fibres. In the latter sector, Rhône-Poulenc is closing its plant at Roanne in central France at the end of the year,

Wong Sulong reports from Kuala Lumpur on the diversification policy of the world's largest tin mining group

MMC spreads its wings

TO THOSE in the tin industry, Malaysia Mining Corporation (MMC) is synonymous with tin. As Malaysia's, and indeed the world's, biggest tin mining group, it accounts for more than a fifth of the country's output and controls two out of every three dredges.

Despite the industry contracting sharply in the face of stiff export controls and near rock bottom prices, the group is in a surprisingly confident mood, and is vigorously diversifying away from tin.

"We would remain the largest tin mining company for a long time to come," says Mr Desa Pachi, MMC's executive chairman, "but we are also evolving into a fully-rounded international mining conglomerate."

He points out that work to exploit the world's biggest tin deposit at Kuala Langat is progressingly smoothly. MMC's associate companies in Thailand have recently discovered "a very significant" tin deposit off Phuket Island.

But from exploration and mining, MMC has gone into tin smelting and marketing, greatly altering past traditions in these two activities.

It has branched out into engineering, and secured the right to be Malaysia's sole coal buying agent, and it has a 19 per cent stake in the world's largest diamond project in Western Australia.

In years to come, these activities will provide new linkages that MMC hopes to forge into a global mining group.

Recession, low demand, depressed prices, the continual sale of tin from U.S. stockpiles, and crippling export controls have all worked to bring the tin industry to its knees.

The Malaysian workforce in the industry is now down to 28,000 from 39,000 in 1980, and 50,000 in 1970.

More than 200 marginal gravel pump mines, largely operated by the Chinese, have closed and even the large, efficient dredging companies have seen a severe erosion of earnings.

For MMC, with its huge financial resources, the situation is less pressing (it has not made any workers redundant), but the impact on its profits has been equally severe.

For the year ended January 1983, MMC's after-tax profit was down to 27.8m ringgit (US$12m), compared with 42.5m ringgit for the seven months to January 1982.

In the past year the group has shut 14 of its 40 dredges because of export controls. Recently, the International Tin Council increased the level of controls from 36 per cent to nearly 40 per cent of normal export levels.

Because export quotas in Malaysia are distributed with a bias for marginal gravel pump mines, MMC's current production quota is less than half its normal output of 23,000 tonnes.

This is a heavy burden and Mr Rahim Aki, its deputy chairman, reckons that export controls will persist for at least another three years.

Part of the problem is that as much as 1,500 tonnes of tin a month are leaking into the world market, mainly from Thailand and Indonesia, as embattled mines struggle to survive by circumventing export controls. This in turn erodes their effectiveness, while prolonging their imposition.

MMC was formed in 1975 through a marger between London Tin and Charter Consolidated tin mines in Malaysia. The result was that 56 per cent of its 411m shares of 10 cents each are held by Permodalan Nasional, the government's investment agency, and 14 per cent by Charter.

Net assets of the group exceede 800m ringgit, and much more if its Kuala Langat and diamond interests are revalued.

Mr Desa admits MMC's earnings for the next two years are going to suffer and dividends will be cut.

"But after 1985, there will be no looking back" he says in reference to its major mining and diversification projects.

MMC has a 30 per cent stake in the Kuala Langat tin fields, which are estimated to contain over 300,000 tonnes of tin. Production is scheduled to begin in the middle of 1985 at an investment cost of 500m ringgit.

As the sole coal buying agent for Malaysia, MMC will be importing between 2m and 2.5m tonnes of coal annually for power stations and cement plants by 1986.

This has made it possible for the group to consider mining a huge deposit of brown coal in East Malaysia for blending with imported, higher grade coal.

The group has created an engineering division to service Malaysia's expanding oil and gas industry. A small, but useful sub-contract was obtained from Petronas, the national oil company last year, and some major contracts are expected soon.

"We feel we should make use of our 60 years of mine engineering expertise and we found these skills can be easily adapted to oil and gas," says Mr Rahim.

The most exciting prospect, however, is in the Argyle diamond venture, estimated to cost A$470m. Full scale development of the mines is expected to start soon. When in full production in 1986, they will turn out 25m carats of diamonds a year.

The mines have a life of between 25 and 40 years. MMC's stake is through its 50.1 per cent control of Ashton Mining, which has a 38.2 per cent stake in the project. Other partners are CRA (56.8 per cent) and Northern Mining (5 per cent).

MMC already has a diamond polishing factory, employing over 40 artisans in Kelantan, a state renowned for its craftsmen.

Some of the Argyle diamonds will be cut and polished there. In the years ahead, it is not unrealistic to expect Malaysia evolving into a major diamond trading centre in Asia.

United Engineers suffers increased loss

SINGAPORE — United Engineers (UEL) said its group loss widened to almost S$89.9m (U.S.$42m) after taxes and extraordinary items in 1982, from S$25.1m the previous year. Turnover fell 41 per cent to S$99.9m.

The manufacturing and engineering group had shown a first-half loss of S$5.3m after taxes and extraordinary items, and lost S$25.1m in 1981. It last was in profit in 1980, when it made S$104,000.

The company said it had held up the 1982 results because it was awaiting the outcome of "a possible financial and business reconstruction" of its Malaysian unit, UEM, of which it holds 44 per cent.

The parent company said that after giving consideration to the Malaysian subsidiary's trading conditions and financial position, the directors had decided to make full provision against its interest in UEM. That will amount to S$25.8m, along with a provision of S$39.9m against UEM's inter-company debt.

UEL said the provisions for losses were somewhat offset by S$14.3m it had received by selling off some properties.

The parent company said the group as a whole had also found trading conditions "very difficult," and that it had lost "a number of major agencies." It said that it had decided to make exceptional provisions of S$15.8m to write down stocks and debtors to "realisable values" and of S$3m for retrenchment benefits.

The company said it was engaged in a major rationalisation of its activities and that there wouldn't be a dividend for 1982.

Analysts had predicted losses of up to 40m ringgit (U.S.$17m) for the Malaysian affiliate for 1982, with first-half losses of between 10m and 12m ringgit.

● MBF Holdings said yesterday that it has agreed to take over two Malaysian property concerns for 43.5m ringgits, with the cash to be raised through a new share issue.

MBF said it was negotiating with several parties for the shares in Naslei Enterprise and Wisma City. It will make a new issue of 17.4m shares valued at 2.50 ringgit each to pay for the companies.

AP-DJ

Corporate restructuring for Barlow Rand

BY OUR JOHANNESBURG CORRESPONDENT

BARLOW RAND, the South African industrial and mining group, is to consolidate its electronic, power engineering and high technology manufacturing subsidiaries into one corporate whole. The group's 63.8 per cent-owned subsidiary, Reunert, is to acquire a number of companies from Barlow which make and distribute electronic computer power generation, control and robotics, precision components, and switchgear equipment. Simultaneously it will sell its automobile distribution interests to Barlow.

The companies being acquired from Barlow are valued at R179.3m, equivalent to 7.3 times their earnings. The purchase price is to be settled by the sale of the motor distribution interests for R33.3m and the issue to Barlow of 19.5m Reunert shares, worth 750 cents each. The outcome is that Barlow may increase its stake in Reunert to 89.5 per cent, though the group expects this to decline while it makes further acquisitions.

The rationale for the consolidation is that it groups together companies with complementary skills which can tackle projects which were previously too large for them individually. In addition increased expenditure on research and development will be possible.

At present Reunert has 8m ordinary shares in issue and in its present form believes that it will end the year to September 30 with earnings of 68 cents a share. Pro-forma figures, the company says, indicate that the enlarged Reunert would have enjoyed earnings of 98 cents a share this financial year. Assets of the enlarged company will total R450m, its sales will be R800m a year, and operating profits are expected to exceed R65m.

The consolidation takes place on October 1 1983.

Poor demand hits midway profits at Highveld Steel

BY OUR JOHANNESBURG CORRESPONDENT

HIGHVELD STEEL and Vanadium Corporation, the South African producer of steel and vanadium pentoxide, suffered badly from weak demand in the six months ended June 30, 1983. First half turnover fell to R108m from R197m in the corresponding six months of 1982 and pre-tax profits dropped to R8.6m from R35.1m.

In the 18 months ended December 1982 turnover was R536m and pre-tax profit R95.1m.

The iron and steel plants operated at about 60 per cent capacity during the half-year and the rolling mills at 70 per cent. As a result only 241,000 metric tonnes of steel products were produced against 357,400 tonnes in the corresponding period of 1982 and 987,500 tonnes in the 18 months to December 1982.

Production of ferro-alloys fell to 24,150 tonnes from 62,811 tonnes in the first half of 1982 and 188,019 tonnes in the preceding 18 months. Vanadium pentoxide production was stopped temporarily at the end of May due to weak market conditions.

Mr Les Boyd, the chairman, said domestic demand for Highveld's steel products is expected to remain weak for the rest of this year and only marginal improvements are expected in export demand. In 1982, South Africa's steel consumption fell by 10 per cent and a further 10 per cent fall this year is forecast.

An interim dividend of 5 cents has been declared from earnings of 12.0 cents a share. In the 18 months ended December 1982 earnings totalled 101.5 cents from which a dividend of 49 cents was paid.

First half rise by Manchester Ship

DESPITE A fall in operating income from £11.9m to £11.46m, the **Manchester Ship Canal Company** raised pre-tax profits from £0.65m to £1.56m for the first half of 1983.

At the operating level, there was a turnround from a loss of £413,000 to a profit of £515,000. The result was before rents received of £801,000 (£697,000), loan and investment income of £371,000 (£512,000) and profits of £170,000 (£192,000) on land sales. *Interest, however, took £289,000 (£338,000).*

There was again no tax charge, but after extraordinary debits of £1.32m, against £2.51m, the net available surplus came out at £237,000, compared with a deficit of £1.86m. The extraordinary items comprised voluntary severance payments, but included, last time, £0.11m for relocation of head office.

Stated earnings per £1 share were 6.3p, against a 49.5p loss last time. The interim dividend is again omitted—last year's single final payment was 3.5p net.

The re-opening of the national voluntary severance scheme for registered dockworkers for a period at *mid-year enabled the* company to reduce the number of dockworkers at the terminal docks to 31. The directors explain that the company has had no alternative but to draw up a further severance programme for other employees.

Although operating income fell by 4 per cent compared with 1982 because of the decline in business at the Manchester end of the port, the directors say cost levels reflected the scaling down of last year.

They say it was disappointing, although not unexpected, when in July the Manchester Liners *services were transferred from* terminal docks to Ellesmere Port and the Yugoslav Atlant Line ceased to trade with the company.

The company no longer has any regular liner service at the terminal docks and this loss of business will mean a further reduction in revenue, the directors state.

Discussions have continued with the authorities regarding relieving the company of the land drainage role of the upper reaches of the ship canal. The problem, however, has still to be resolved.

● **comment**

Manchester Ship's swing into operating profit was entirely thanks to a reduction in labour costs which has seen the workforce cut by 45 per cent in three years, with more to come. Redundancy costs and office relocation expenses slimmed a profit before tax and exceptional items of £1.6m down to £237,000. The level of canal traffic is static at 11m tonnes annually and the increasing number of container ships too large to navigate the canal means that figure is likely to go down. Meanwhile, Manchester Ship is striving with little success to persuade local authorities to shoulder the £3m annual cost of maintaining the canal's upper reaches which *bring it no income but provide* free drainage to the community. Against that rather muddy background, the company is increasing its already heavy emphasis on property, where it owns land and buildings worth nearly £30m—five times more than its market capitalisation. Rents, however, are stagnant. The 15 per cent rise in rental income was only due to an increase in volume. But income from this source will rise steadily as Manchester Ship completes development of its 250-acre stake in the Salford enterprise zone, all of which it will retain for renting. The market, perhaps influenced by the uninspiring state of the *Mancunian property market,* sent the shares down 10p to 155p where they compare with net assets of around 868p.

HIGHLIGHTS

Lex considers the strength of the U.S. dollar together with the Bank of England's response before turning to the corporate front to review the state of P & O's defence against the unwelcome overtures of Trafalgar House following the appointment of Jeffrey Sterling as chairman. The column then moves on to comment on the acquisition by Merck, a U.S. drugs company, of two Japanese pharmaceuticals companies, one of them listed on the first rung of the Tokyo stock exchange. On the bids front Dalgety is following along its path of divestment *and diluting its New Zealand operations in a £25m deal* which injects £15m cash into the main UK company.

Revamped ATI seeks London SE listing

THE acquisition by **Associated Tooling Industries** of companies involved in electronic office and communications equipment and consumer finance from Mr Ron Shuck, has been completed, pending an EGM on September 6.

The move is effectively the injection of the businesses comprising Mr Shuck's private company, Consult, into a cash rich near shell. ATI's shares were suspended in January at £1 each.

At the EGM it will also be proposed that the completely revamped Associated Tooling changes its name to Associated Tele*communications. The shares of* Associated Telecommunications will then be introduced to the official list of the Stock Exchange.

Hill Woolgar issue for Grosvenor Press

An issue of shares in **Grosvenor Press** is being arranged by Hill Woolgar, its financial advisor. Hill Woolgar currently makes a market "over the counter" in Grosvenor's shares. At the same time, it was announced that in the year to end-April, the publisher of reference books made a pre-tax profit of £256,000, over three *times the previous year's figure.* The dividend is 6p per share.

The issue of new shares is expected to be arranged as a combination of a rights issue and a placing to Hill Woolgar shareholders.

Winterbottom Energy

Net asset value of **Winterbottom Energy Trust's** ordinary was 85.3p at the close of business on August 5, 1983. This was after deduction of prior charges at par, and 87.6p after deduction of prior charges at market value.

CROSBY WOODFIELD

Crosby Springs, a wholly owned subsidiary of **Crosby Woodfield**, has reached agreement with the Lace Web Spring Co. for the sale of the whole of the plant and tools of Crosby Springs, for £330,000 in cash.

PENTLAND INV. TST.

Acceptances of **Throgmorton Trust's offer for Pentland Investment Trust** have been received in respect of 95.15 per cent of the issued shares for which the offer was made.

Acceptances of the 13.15 per cent preference stock offer have been received for 96 per cent and for the 3.5 per cent preference stock offer, 96.8 per cent.

It is the intention to acquire all the outstanding ordinary and *preference stocks.*

Ward & Goldstone back in profit at year end

RECOVERY continued apace at **Ward & Goldstone** in the second six months to March 31 1983. The company made up the midway loss of £989,000 to end the year with a pre-tax profit of £67,000, as against a £1.32m deficit previously.

The recovery in profitability during the second half follows a major rationalisation of the company's activities, which has resulted in the present profitable operations of all divisions, except the cables side.

The final dividend is a same-again 1p net for an unchanged total of 2p per 25p share. On a net basis, loss per share was 0.2p (4.9p) or on a nil basis earnings per share were 0.7p (4p loss).

Despite extensive efforts over several years to rationalise the cables division — and more recently to secure its satisfactory disposal—the company has decided to proceed with this division's closure, while continuing its efforts to dispose of it by sale.

During the year under review, the cables division made losses of £1.58m on external sales of £19.7m, bringing total gross losses by the division to £2.9m in the past three trading years.

In the first four months of the current year, the division has lost £953,000, largely due to *over-capacity in the cable* industry and to severe market conditions at home and overseas.

As a result of the closure, the company has given redundancy notices to some 550 employees.

The directors say all other divisions are making profits and there are signs that the results for the year's activity will not be unsatisfactory.

Turnover for the year 1982-83 dropped from £74.51m to £66.3m, although operating profits jumped from £261,000 to £1.41m. *Sales were comparable to those* achieved last year after excluding the turnover of the company's Irish subsidiaries — disposed of in July, 1982. Tax took £89,000 (£582,000 credit) and extraordinary debits jumped from £2.22m to £9.6m.

An extraordinary provision of £7.49m in respect of the cables division has been made to meet losses on realisation of assets, closure costs and operating losses since the year end. A further extraordinary item of £2.6m is also made in respect of claims settled by the company in excess of its insurance cover, after a fire in 1979 at premises adjoining a Ward & Goldstone factory.

During the year, the accessories division achieved substantial sales growth and finished the year in a healthy position. Sales in the Pencon division manufacturing moulded-on safety plugs were up by more than a third.

Raydex International division, the group's specialist communi*cation cable division serving the* telecommunications and cable TV markets, also achieved higher sales and a commensurate increase in profitability.

The auto division traded profitably over the full year and sales increased with orders for wiring systems for the new BL Maestro and Ford Sierra ranges. The company has negotiated adequate finance facilities for its requirements.

● **comment**

After 1981-82's free fall into losses, Ward & Goldstone has finally landed but not without a badly battered limb that requires amputation. Undoubtedly yesterday's news of the pending closure of the troublesome Cables division is designed to concentrate minds of potential buyers Ward has been talking to. But even if a buyer cannot be found, with losses running at £¼m a month, Cables will have to go. Its departure is a tremendous blow to the balance sheet and a £7½m provision leaves shareholders' funds no more than equal to group borrowings. Yet post Cables the company should look reasonably *healthy, at least in trading terms.* Interest charges will remain burdensome though a solid cash flow, and perhaps some claw back if Cables is sold, will ease gearing this year. Certainly the company is not contemplating a *quick rights issue.* After the past few years any outside forecasting must be done with *crossed fingers but if losses on* the programmed rundown of Cables doesn't get out of hand profits might hit £3m pre-tax this year. At 70p the market capitalisation is £10½m and the yield is just over 4 per cent.

Revenue lower at Murray Western

Revenue before tax at **Murray Western Investment Trust** decreased from £1.93m to £1.88m for the six months to the end of June 1983. The net interim dividend has been lifted from *0.4p to 0.5p, as already an*nounced.

Net asset value per 25p share is shown as rising from 102.2p, as at December 31 last, to 122.8p as at June 30.

Estimated earnings per share for the full year are shown as 1.9p (1.81p).

Dividends and interest rose from £2.93m to £3.12m, with interest on borrowed money expanding from £880,335 to £1.07m. Expenses took £162,139 (£112,505).

Tax amounted to £850,686 (£826,015), after which net revenue emerged down from £1.11m to £1.03m.

The first six months of the year were very active say the directors. However they point out that uncertainty still exists about U.S. interest rates and the effects on the world economy. Real interest rates are higher than they have ever been in recent times. Investment policy will continue to emphasise companies with strong balance sheets.

Grovebell Group sharp midway improvement to £304,433

DESPITE A lower contribution from trade financing, improved profits from motor and caravan trading at **Grovebell Group** helped push the pre-tax surplus *up from £159,405 to £304,433 for* the half year to the end of May 1983. Turnover expanded from £8.54m to £10.66m.

In the period under review the directors say that the garage subsidiaries achieved record turnover as a result of the revival in the car market and particularly advances being made by the Vauxhall francise.

Trading finance showed reduced turnover and profits compared with the corresponding *period of last year but the direc*tors expect that the shortfall will be made good in the second half. Grovebell Securities, the subsidiary newly engaged in leasing, has started business but the results for the period are not material.

The directors say that they have resolved to resume payment of dividends on the 9 per cent cumulative preference shares and payment will be made on September 30 for the *period from April 1 1980 to* September 30 1983, amounting to 22.05p net per share. Resumption of payments on ordinary shares will be considered in due course.

Basic earnings per 5p share were shown as rising from an adjusted 0.75p to 0.82p, and fully diluted from an adjusted 0.49p.

Pre-tax profits broke down as to motor and caravan trade £148,323 (£15,717); trade financing £90,335 (£131,312); parent company £65,775 (£12,376).

There was a charge for tax this time of £41,078.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allsa Inv. Tst.	1.15	Oct 4	1.15	1.85	1.85
Anglo Nordic ....int.	0.4	Oct 31	—	—	—
Aquis Securities ...int.	0.45	Oct 4	0.4	—	1.3
Brit. American Gen. int.	1	Oct 3	1	—	2.6
Edinburgh Secs. ...int.	Nil†	—	Nil	—	0.15
Kennedy Brookes ...int.	0.53‡	Jan 3	0.53	—	1.23
Manchester Ship ...int.	Nil	—	Nil	—	3.5
Relyon Group ....int.	1.85	Oct 3	1.67	—	4.42
Stock Conversion	3	Sept 30	2.75	4.75	4.5
Ward & Goldstone	1	Oct 3	1	2	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Brit. American Genl.

Net earnings available for the ordinary stock of **British American and General Trust** came to £657,000 in the half year ended June 30, 1983, against £650,000, equal to 1.31p (1.29p) per unit. Net asset value amounted to 106.8p compared with 67.6p a year earlier and with 86.4p at *end 1982.*

Anglo Nordic turns in £0.27m at six months and pays 0.4p

FOR THE six months to May 31 1983 **Anglo Nordic Holdings** turned in pre-tax profits of £266,000, on turnover of £29.45m. The results include those of **Braby Leslie** from January 1 this year.

For the corresponding period of 1982, profits and turnover were £53,000 and £5.8m respectively. Comparisons, however, represent those of the company under its former name of Anglo Argentine Tramways, prior to the acquisition of Doverford, and are therefore not meaningfully comparable.

An interim dividend of 0.4p net per 5p share is declared, which is not comparable with last year's payment-declared prior to the Doverford acquisition. Earnings per share were 1.16p after tax of £55,000.

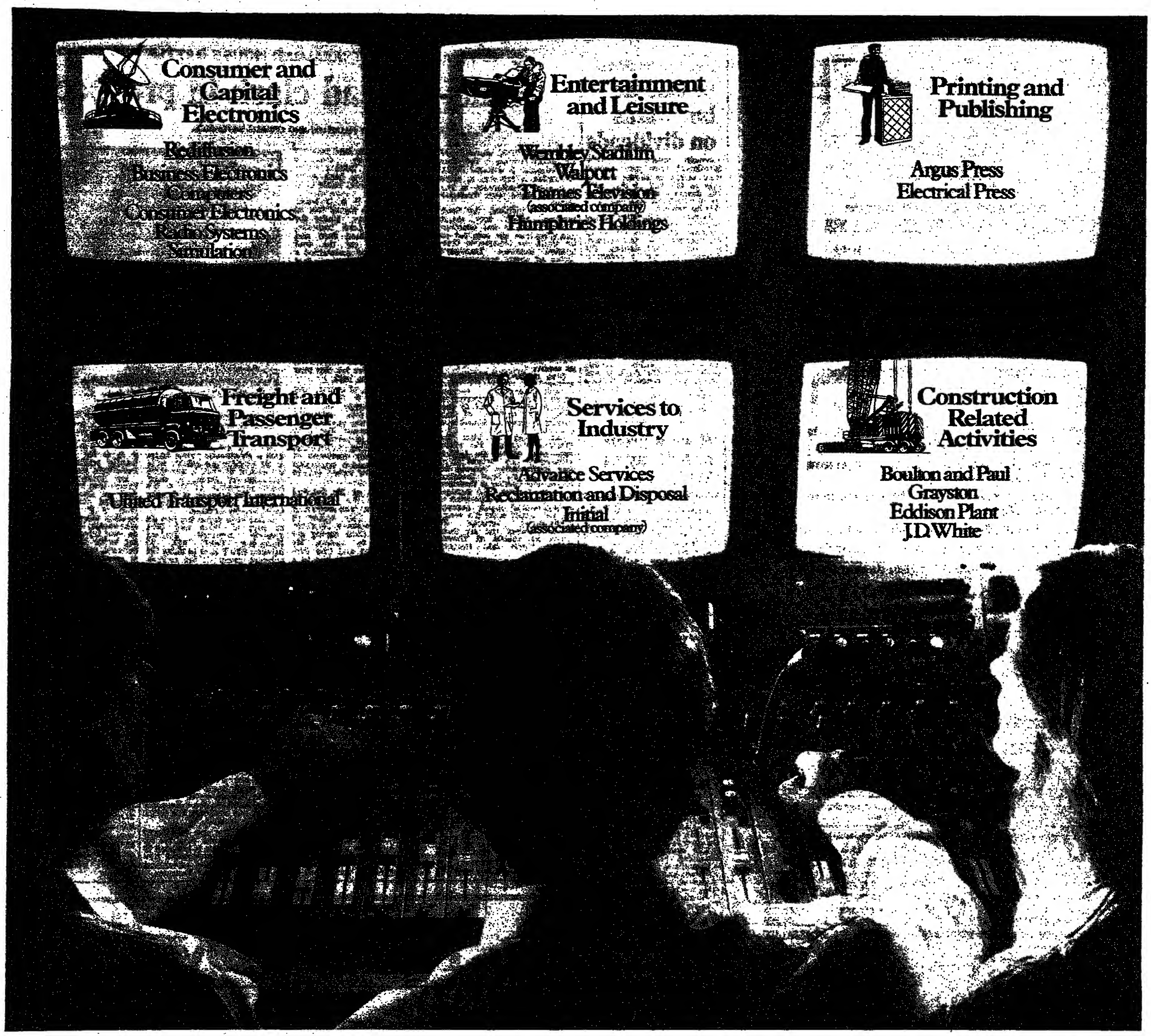
The directors explain that the businesses of certain of the group's principal subsidiaries are of a seasonal nature, with the larger proportion of profits historically earned in the later months. As a result, the results do not reflect pro-rata their profit objective for the current period.

The directors wish to avoid this disparity in the future and have accordingly resolved to extend the present accounting period until March 31 1984, which is the financial year end of Braby Leslie. Future accounting periods will comprise 12 months ending March 31.

They say the foundations have been laid for future profit growth and the directors will continue to pursue the objectives set out in the chairman's last report.

Plantation and General Invst.

The **Plantation and General Investments** rights issue met with an acceptance rate of about 84 per cent from its shareholders. Applications for excess shares were received in respect of 851,000 new shares. Those applicants will receive 15.45 per cent of their applications. The company's shares are dealt under Rule 163 (2).



"You are now watching BET."

BET has long been a company worth watching. And the past year has been no exception. A new Chairman. A new Managing Director. New members of the Board. And six newly restructured operating divisions which have attracted pre-tax profits of over £70 million from a turnover of £1,178 million. A performance which we hope has pleased our viewers. For the future, our programme will be tuned even more finely. In fact, we have every confidence it will make very good watching.

As the Chairman, Hugh Dundas, said in his Statement...

BET has traditionally developed its businesses for the long-term, prepared if necessary to accept some temporary sacrifice in profit where, by so doing, it believes it is establishing a sound base for future rewards. That is the reason why we are approaching our 90th birthday in such good shape.

We are now moving into a new era during which we plan not only to capitalise on the Group's well-established core businesses but also, by pursuing the policies of rationalisation and acquisition, to produce a significant and accelerated growth in profits.

A new era. A new programme

We shall:

☐ Reduce the diversity of our operations to focus more sharply on a limited number of business sectors with good potential growth

☐ Speed up the disposal of businesses which have current or expected sub-standard profits and those which do not fit in with our long-term planning

☐ Undertake a more active acquisition programme

☐ Make further sales of general investments using the cash to invest in growth sectors of our businesses and to reduce borrowings.

A sharper focus for the future

The first major move was made in March, when we acquired the 36.1% of Rediffusion ordinary shares we did not already own. The price was high, but we believe it to have been good value for money.

We made a good start with the elimination of loss making and incompatible business. Murphy Bros was disposed of in January. The sale of Canadian Motorways, with its patchy profit record, has been successfully negotiated. And Filmatic Laboratories has been sold to its management.

On the acquisition front, we have made a number of smaller acquisitions – particularly in the USA – and other moves are under active consideration.

The last year

Turning now to the hard core of BET's business, the year's results demonstrate the Group's inherent strengths.

There was solid growth in most areas. Initial turned in another sparkling performance.

Boulton and Paul, now well and truly slimmed down, have taken full advantage of the up-turn in house building and promise an excellent future performance.

1982/3 saw a sharp increase in our oil exploration expenditure. Our long haul investment in this sector is now very close to pay-off point – with oil from the Maureen field expected to start flowing in October.

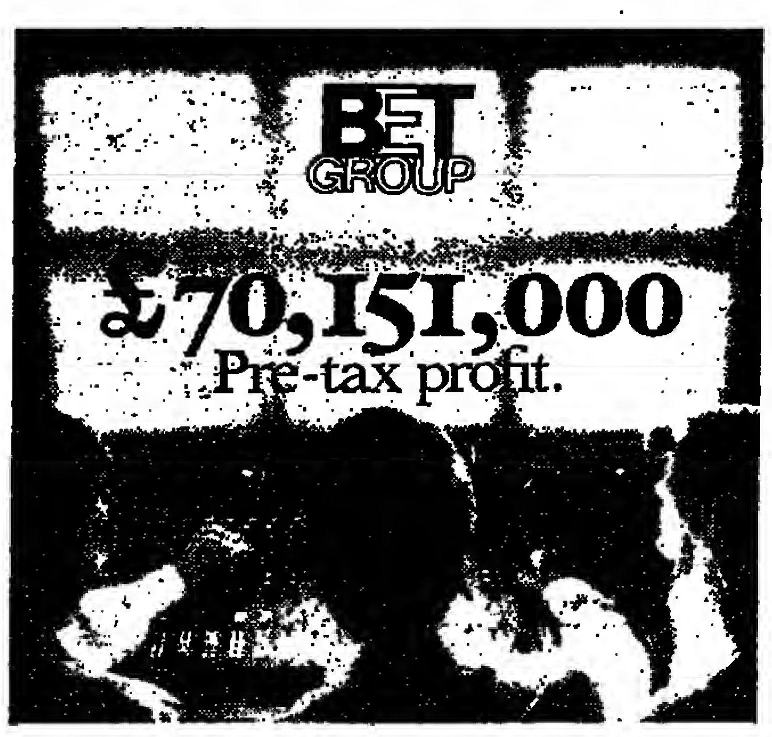
The outlook

This brings me to the immediate outlook. A year ago I said that I was 'fairly confident' that results in 1982/3 would be better than those of the previous year. Although this proved to be true, the increase in profit was a modest one. I expect that the current year's pre-tax profits will climb well away from the plateau upon which they have rested since the onset of the recession.

The future looks good.

Summary of results

Year to 31st March	1983 £	1982 £
Profit before taxation	70,151,000	66,747,000
Taxation	19,127,000	31,668,000
Profit after taxation and minority interests	41,018,000	26,375,000
Deferred Ordinary Dividends	15,117,000	12,096,000
Earnings per 25p Deferred Ordinary Share	27.1p	17.4p
Dividend per 25p Deferred Ordinary Share	10.0p	8.0p



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BET

The talent that makes companies flourish.

Ailsa ahead to £2.04m but warns on dividends

Pre-tax revenue of Ailsa Investment Trust moved ahead from £1.66m to £2.04m for the year to the end of May 1983. The directors have warned that the dividends for 1984 will probably be reduced.

Further reconstruction of the portfolio has continued the emphasis on capital growth at the expense of current revenue. In these circumstances, the directors anticipate a reduction in distribution for the year ending May 31 1984.

The net final dividend has been held at 1.15p which maintains the total at 1.85p. Earnings per 25p share were given as slipping from an adjusted 2.28p to 2.26p.

Net asset value was shown as rising from 55.2p to 79.5p or 86.1p at July 29.

The pre-tax surplus consisted of revenue from investment holding down from £1.7m to £1.59m, while investment dealings and underwriting produced revenue of £445,000 against previous losses of £44,000.

Tax amounted to £887,000 (£657,000).

Record profit at halfway by Whim Creek

RECORD GOLD production from the Haveluck gold mine at Meekatharra, Western Australia, enabled Whim Creek Consolidated to reports its highest-ever profits for the second quarter and first half of the year.

The company produced 5,722 ounces of gold in the latest three-month period, up from 2,924 oz in the first quarter, and for the half-year boosted bullion sales revenue from A$1.83m to A$4.32m.

This gave rise to net profits of A$1.36m, or 8 cents a share, compared with a loss in the first half of last year of A$368,842 or 2 cents a share.

The company believes that this improvement, coupled with the fact that the gold price has remained above A$470 per ounce, puts it in a sound position to take full advantage of any favourable market conditions over the next six months.

Shareholders were told at the annual meeting in June that the company intended to consider the declaration of a maiden dividend based on the 1983 results, provided that the development of the nearby Phar Lap gold deposit does not take up too much of the available cash.

Results of large-scale metallurgical testing on Phar Lap ore, undertaken during the latest quarter, are described as encouraging. Preliminary estimates suggest a reserve of some 1.5m tonnes, with a grade of between 3.2 and 3.6 grammes of gold per tonne.

The company is considering exploiting this resource through a combined heap leach and carbon-in-pulp operation, using expanded Haveluck facilities. This would cost perhaps A$2.8m.

Northgate Exploration of Canada holds around one-third of the shares in Whim Creek.

SHARE STAKES

Laird Group—H. Hammer, director, has sold 25,000 ordinary stock units.

Energy Finance and General Trust—E. D. Barkway, director, has sold 40,000 founders shares. The following directors have purchased founders shares: J. D. Robertshaw 10,000, I. H. McCorquodale 8,000, C. R. Benzecry 1,000, W. G. Heatzig 1,000, J. A. Cooper 2,000, J. E. Dallas 3,009 and J. V. Woollam 500.

Unitech—J. A. H. Curry, director, has disposed of 29,700 ordinary shares.

Aurora—Imperial Group Pension Trust jointly with Imperial Group Pension Investments has acquired 4,954,165 9 per cent convertible cumulative reduced preferred ordinary shares (5.5 per cent).

Arthur Guinness and Sons—E. W. Saunders, director, has acquired 25,000 ordinary stock units to be held as other family beneficial interest. Viscount Boyd of Merton has disposed of 50,000 ordinary stock units and now holds 794,738 units.

Burgess Products — A. R. Weston, director, as trustee, has disposed of 30,500 ordinary shares from the "J" account.

Sheraton Secs Intl.—Henry D. Clarke Jnr. of Connecticut, is interested in 7.52m ordinary shares. This is made up of 5.57m already owned by Greenwich International (a company controlled by Mr Clarke) and 1.95m owned by Clabir International NV. (The total interest represents 19.54 per cent of the present issued share capital).

St Andrew Trust — British Rail Pension Fund, J. Sainsbury Pension and Death Benefit Scheme and BBC New Pension Scheme Fund sold respectively 610,000, 440,000 and 325,494 ordinary 25p shares on August 1 1983. Consequently they no longer hold any disclosable interest in the company's share capital.

Shires Investment Trust — Atlanta, Baltimore and Chicago Regional Investment Trust has acquired a further 22,500 ordinary shares increasing its holding to 6.9 per cent.

Wyndham Engineering — On August 5 1983 Control Securities Investments, an investment subsidiary of Control Securities, acquired 65,000 ordinary shares. Together with the 29,400 already owned, CSI now holds 94,400 ordinary shares representing 13.02 per cent.

ECOBRIC HOLDINGS (scrap metal processing and demolition work)—Turnover for six months to March 31 1983 was £1.9m (£1.41m) and pre-tax profits £103,000 (£116,000); tax £37,000 (£32,000); interim dividend 3.25p net, payable June 29. Earnings per £1 share 5.6p (9.7p). Company's shares traded on USM.

● NEWS ANALYSIS—TRAFALGAR HOUSE BATTLE FOR P & O

Head-to-head clash in prospect

BY RAY MAUGHAN AND CHARLES BATCHELOR

THE IMPENDING elevation of Mr Jeffrey Sterling to the chair of Peninsular & Oriental Steam Navigation is expected to make a substantial difference to any new bid battle with Trafalgar House.

For the moment, the clash between these two major shipping, energy and construction companies has been put on ice while the Monopolies Commission examines Trafalgar's £300m all equity proposals.

The reference to the Commission was made towards the end of June and it is now generally recognised that a thorough examination of the proposed merger, with all its ramifications for Britain's shipping and defence interests, will run well into 1984. Indeed, it is widely assumed that Mr Sterling will have at least another six months to muster P & O's defences before the Commission delivers its verdict.

Even if the Government was prepared to clarify its policy towards corporate margers, which it has not, preferring instead to act on a case by case basis, the outcome of this inquiry is almost impossible to predict.

But, taking the view that Trafalgar may get the green-light next spring, the City is warming to the thought of an epic confrontation between Mr Sterling and Mr Nigel Broackes, his opposite number at Trafalgar.

As one leading fund manager put it yesterday, the prospect of a head-to-head match between the pair would make the recent confrontation between Sir Patrick Meaney and Mr Owen Green for control of Thomas Tilling "pale into insignificance."

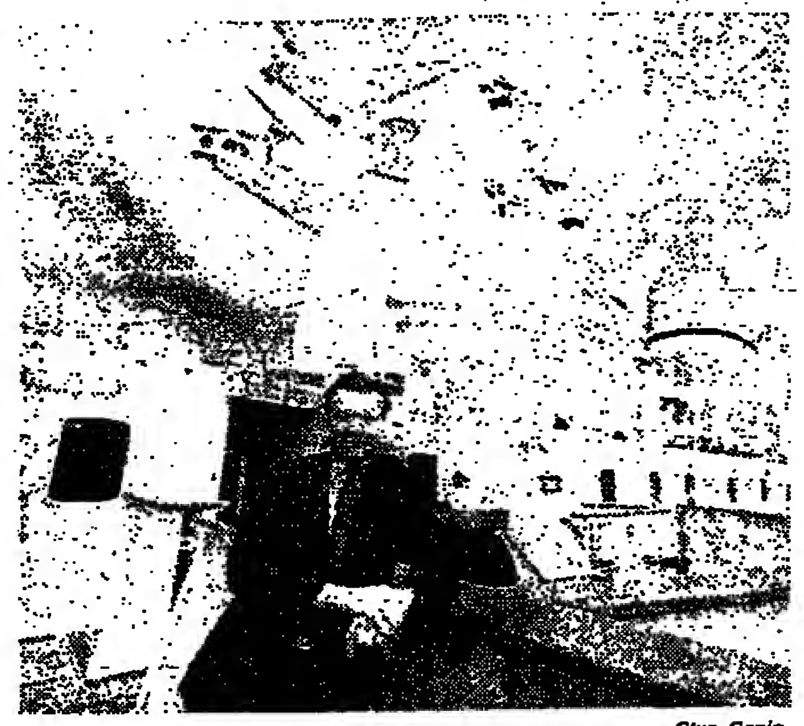
"I regard Mr Boackes and Mr Sterling as two of the best of the "younger school" of entrepreneurs," another fund manager commented. Mr Sterling's elevation "must make a difference to what has been something of a one-sided battle until now," he said.

The current P & O board would doubtless regard that as a harsh judgment. Under the leadership of Lord Inchcape, the group lobbied hard and effectively to get the deal referred and had maintained a stout, uniform, line that Trafalgar's £300m offer was "derisory."

It has already shown that revalued assets are worth 381p per share, almost double the current market price, yet P & O has never been forced to declare probably its weakest card, a forecast of profits for 1983. Unofficially, the group has done nothing to counter the market's consensus prediction of between £38m-£40m before tax this year against £33.6m in 1982.

That forecast, of course, may still leave P & O open to Trafalgar's charge that the group has gone precisely nowhere over the past decade. Certainly it seems that even after a series of private meetings many leading shareholders are not entirely convinced of P & O's defensive arguments and policies for strong growth in future.

The arrival of Mr Sterling should stiffen the resolve of many doubters. The support of such leading City bodies as Prudential Assurance, Hambros and Barclays Bank during the long fight to restore Mr Sterling's Town and City Properties should entitle him to a fair hearing during any renewed bid campaign.



Glyn Genin

Mr Nigel Broackes, chairman of Trafalgar House, with the liner Vistafjord, one of two cruise liners recently acquired from Norwegian-American Cruises for £46.5m

But it is not clear how even such a charismatic public figure as Mr Sterling can quickly alter the course of such a sprawling collection of assets. A significant proportion of P & O's income, for example, is directly responsive to fractional shifts in world energy demand.

It has been suggested that all or part of Town and City, recently renamed Sterling Guarantee Trust, will be injected into P & O to make the enlarged group all but indigestible. Proposals have been kicked around to put Sterling Guarantee's service division into P & O for a mooted £100m thereby putting P & O out of Trafalgar's reach.

Mr Broackes has made it known that he would resist any deal on these lines and has intimated that he will walk away if P & O pursues the Sterling Guarantee gambit. For that reason, if for no other, such an asset injection must be tempting to Mr Sterling but, for the moment, suggestions that P & O is preparing to build any new defence on these foundations are being firmly resisted.

Reynolds waits on Asia Oil

BY CHARLES BATCHELOR

Reynolds Diversified, the Nevada-based energy group whose shares have been suspended from trading on the London Stock Exchange for the past 18 months, expects the long-awaited bid from Asia Oil and Minerals (AOM) will be sent to shareholders at the end of this week.

The effect of the bid, which is being recommended by the Reynolds' board, will be to give Reynolds 6,500 UK and 1,300 overseas shareholders more readily marketable paper. Since the suspension, a small number of UK licenced dealers have made a market in the shares.

Reynolds' shareholders, if they take up the rights offer currently open from Reynolds and accept the AOM bid would have a majority stake in AOM, a small Australian quoted company.

Despite the prospect that the long-running attempt to resolve Reynold's difficulties will be successful, the company has been unable to resolve a dispute over the underwriting of part of its rights issue with Harvard Securities, one of the licenced dealers to make a market in its shares.

Reynolds said yesterday that Harvard is reconsidering its decision to withdraw from its agreement to underwrite 50m of the 1.12bn shares to be issued.

However, Mr Tom Wilmot, managing director of Harvard, said: "We will certainly reconsider but I cannot see any way we will underwrite it at this time. We did not undertake an indefinite liability in that respect."

Harvard said it undertook to underwrite the shares up to the end of April, but the extensions of the rights issue period and teh prospect of a block of 65m shares being offered on the market by a large shareholder, had persuaded it to withdraw.

Havard said it would recommed its clients and other shareholders to take up their rights in Reynolds provided unidentified large shareholders owning about 55 per cent of Reynolds took up their rights.

"I am concerned at how firm the commitment of these large shareholders is," said Mr Wilmot.

The failure of Havard to underwrite its share allocation would not prevent the rights issue which would be successful if 950m shares, worth US$9.5m, are subscriber for. Reynolds said it was confident this figure would be reached.

Reynolds has now set August 26 as the closing date for its rights issue which is intended to fund a hotel development project in Austria and exploration in the United Arab Emirates.

Revenue ahead at Stock Conversion

An improvement in pre-tax revenue from £13.01m to £13.79m has been shown by Stock Conversion and Investment Trust for the year to the end of March 1983.

The final net dividend is lifted from 2.75p to 3p, which raises the total from 4.5p to 4.75p. Earnings per 25p share are shown as rising from 13.1p to 13.38p.

Pre-tax revenue included associate profits of £3.04m against £2.85m, but was struck after minorities of £727,000 compared with £1.1m. Tax amounted to £6.79m against £6.15m. Extraordinary credits of £39,000 (£15,000) were transferred to reserves.

UK COMPANY NEWS

Aquis Secs. down but optimistic on year-end

ALTHOUGH pre-tax profits have fallen from £388,000 to £184,000 at Aquis Securities for the six months to the end of June 1983, the directors predict that the full-year result will exceed the previous year's taxable surplus of £807,836. The net interim dividend has been raised.

Comparative figures for 1982 have been restated to exclude Clarendon Court Hotel.

While net rental income has increased and continues to do so, the directors say that income from quoted investments has diminished following the transactions carried out in 1982. No develoment property was sold during the period under review, but it is expected that the sale of three properties will be completed during the remainder of the year.

Tax allowances have enabled a nil provision to be made for the first six months, and the directors point out that this will also influence the full-year.

The net interim dividend has been lifted from 0.4p to 0.45p—in the last full year a total of 1.3p was paid. Basic earnings per 5p share were shown slipping from 0.81p to 0.69p, and on fully diluted from 0.67p to 0.59p.

Pre-tax profits were struck after lower interest payable of £185,000 against £238,000. Administration costs rose from £135,000 to £142,000, but operating income moved ahead from £353,000 to £443,000. Investment income was sharply reduced from £166,000 to £72,000 and interest received from £102,000 to £71,000.

Kennedy Brookes growth —dividend rise forecast

RESULTING FROM improved trading in nearly all divisions and the addition of the Genevieve restaurants, Kennedy Brookes has increased its profit from £189,000 to £395,000 in the half year ended April 30 1983.

The interim dividend is being held at 0.525p per share, but if the company maintains its "present good rate" of progress the final payment will be raised—last year it was 0.7p.

However, profit margins will not be maintained at the considerably improved level of the first half, as high capital expenditure is not immediately reflected in increased earnings.

In the half year sales increased by nearly £1.1m to £4.31m. Since then they have improved and will be substantially greater than in the first half. Kennedy Brookes shares are traded on the USM.

Over the past few months the group has been reorganised into more clearcut divisions and companies. It has made further progress in developing the separate but co-ordinated management of each company.

Mario and Franco restaurants, which was losing money heavily 18 months ago, is now trading profitably and is actively looking to expand the number of restaurants.

Genevieve Restaurants is responding well and the board believes that profit growth could be "materially improved" when it has finished its programme of refurbishment of these restaurants, which it expects within the next six months.

Brookes Eating Houses has been more affected by the recession, but has been able to maintain its level of profit overall. Two of the units of this group have been acquired by Crusts, in which the company has a 20 per cent investment. Crusts operates five restaurants.

In April the company made a 25 per cent investment in Lioncourt, a company formed to develop a public house and restaurant in the City. The public house is now open and trading well and it is expected that the restaurant will open early next month.

Brookes Catering had little work in the first half, but since then progress has been "very good."

In April 1982 the company made an investment in Galleon World Travel which was very heavily in debt and making very substantial losses. Since then all long term debt has been repaid and it is trading profitably.

Galleon hopes to make an announcement about future expansion soon and it is hoped to arrange for a quotation in the shares later in the year.

Euston Centre improvement to £6.1m

Pre-tax revenue of Euston Centre Properties improved from £5.88m to £6.08m, although second-half figures were little changed at £3.06m, against £3.04m.

The tax charge increased from £3.04m to £3.19m and there was an extraordinary credit of £197,000 (£62,000). An amount of £60,777 (nil) was transferred to revenue capital reserve. The dividend cost rose from £2.7m to £3m.

Relyon profits rise £2m to £8.26m in first half

THE EXPECTATION that the first half profit from Relyon Group would be well ahead of 1982 has been borne out. For the first six months of this year sales have advanced by £2m to £8.26m and the profit before tax rose from £774,000 to £1.03m.

The directors state that since last autumn there has been a return to a more satisfactory level of trading. And they are confident that this progress will be maintained during the rest of the year.

After tax £537,000 (£402,000) the net profit came out at £495,000 (£372,000), for earnings per 25p share of 5.04p (3.78p). The interim dividend is lifted to 1.85p (1.67p). The group makes mattresses and divans.

RESULTS AND ACCOUNTS IN BRIEF

DWEK GROUP (pvc sheeting, household goods)—No dividend for 1982 (0.2432p net). Pre-tax loss £72,263 (£57,813 profit); tax credit £106,326 (£3,888 charge); net profit £52,787 (£264,891) including extraordinary items. Earnings per 10p share 0.4p (0.64p).

UNITED GUARANTEE (HOLDINGS)—Final dividend 0.5p making 0.75p net for 15 months to December 31, 1982 (nil for year to September 30, 1981). Turnover £20.08m (£13.68m); profit £105,209 (£158,209 loss) after tax charge £101,015 (£201,468 credit). Earnings per share 1.958p (3.064p loss).

YELVERTON INVESTMENTS—Pre-tax profits £106,197 (£20,004) for half-year to April 30 1983. Board expects further profits growth during the second half and it proposes to pay a dividend at the year-end. Net assets per share have doubled from 22p to more than 44p.

GENERAL STOCKHOLDERS INVESTMENT TRUST—For half year ended April 30, 1983, total income £409,000 (£357,000). Revenue £356,000 (£320,000) before tax. Earnings 2.31p (2.15p). Net asset value 288.6p (212 4p) after prior charges at par and 298.3p (223.5p) at market value. Interim dividend of 1.75p (same) already announced—may be necessary to draw on reserves to make any increase in dividend total (4.2p last year) as lower level of liquidity held and further shift of funds overseas. North America represents 61 per cent of total portfolio, against 45 per cent at October 31 last. Energy shares no longer dominate and "very rewarding" long term holding in Schlumberger substantially reduced. UK portfolio continues to emphasise stocks with a technology and service flavour. Investment in medical, consumer and technology sectors been expanded.

SEARS HOLDINGS—Results for year to January 31 1983 reported May 11. Group shareholders' funds £712.3m (£547.8m), current assets £456.1m (£416.2m), current liabilities £257.8m (£217.9m), fixed assets £624.5m (£475.8m). Meeting, The Selfridge Hotel, W, June 28, noon.

KEYSTONE INVESTMENT CO. (investment trust)—Interim dividend 4p (same) net. Gross income for six months to April 30 1983 was £541,000 (£503,000); pre-tax revenue £408,000 (£423,000); tax £116,000 (£137,000). Net asset value per 50p ordinary share 364p (250p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Aaronson Brothers, Bairstow Eves, Commercial Union Assurance, Ellerman Lines, Fleming Mercantile Investment Trust, Heywood Williams, William Jackson, Ocean Transport and Trading, Renown Inc., Rotaflex, Smith and Nephew.

Finals—Crouch Group, Reardon Smith Line, United Packaging.

FUTURE DATES

Interims—
Adams and Gibbon ....†Aug 16
Appleyard .... Sept 8
B.A.T. Industries .... Sept 21
Bank of Scotland .... Sept 20
Charterhouse Petroleum .... Aug 24
Guest Keen and Nettlefolds ... Aug 11
Johnson Group Cleaners ...... Aug 18
Ladbroke .... Aug 30
Metal Bulletin .... Aug 16
Scottish Eastern Invest. Trust Aug 15

Finals—
East of Scotland Onshore ...... Aug 31
Group Investors .... Aug 16
Victor Products .... Aug 17
Wholesale Fittings .... Aug 19
Wight-Collins Rutherford Scott Aug 10

† Amended.

BIDS AND DEALS

Glynwed International Interim Results

Trading Results

Group profit before taxation for the 26 weeks ended 25th June 1983 amounted to £8,075,000 compared with £6,459,000 for the corresponding period in 1982.

The whole of the improvement in profitability for the first six months of 1983 came from United Kingdom operations and, in part, reflected the results of the Ductile companies which were acquired in the second half of 1982 and are now fully integrated into our divisional structure.

Overseas, both our South African and United States operations did little better than break-even, due in the first instance to the continuing difficult economic conditions in South Africa and in the second to the recession in the U.S. steel industry.

Thus, whilst there was a net increase in profit before tax of approximately £1.6m, the United Kingdom improved by £2.7m, but overseas fell by £1.1m.

Ordinary Dividend and Prospects

The Directors have declared an Interim Dividend for the year ending 31st December 1983, of 2.45p per share (1982 – same) payable on 21st December 1983, to ordinary shareholders on the register at the close of business on 9th September 1983.

Present expectations are that profits for the second half of 1983 should comfortably exceed those of the first six months.

Trading Results. The abridged financial information set out for the 26 weeks ended 25th June 1983 is unaudited. The information relating to the year ended 25th December 1982 is an extract from the latest published accounts which have been delivered to the Registrar of Companies; the report of the auditors on these accounts was unqualified.

	1983 26 weeks to 25th June	1982 26 weeks to 26th June	1982 52 weeks to 25th Dec
	£000	£000	£000
Turnover	232,041	202,432	444,301
Trading profit	12,394	11,273	23,751
Share of profits of related companies	–	43	(16)
Interest charges	(4,319)	(4,857)	(10,002)
Group profit before taxation	8,075	6,459	13,733
Taxation	2,072	2,053	2,257
Group profit after taxation	6,003	4,406	11,476
Minority interests	10	157	595
Group profit before extraordinary items	5,993	4,249	10,881
Extraordinary items	–	–	3,530
Group profit attributable to shareholders	5,993	4,249	7,351
Dividends:			
Preference – £000	35	35	70
Ordinary			
Interim – pps	2·45	2·45	2·45
– £000	2,051	2,051	2,051
Final – pps	–	–	4·90
– £000	–	–	4,102
Earnings per share – net basis – p	7·12	6·45	14·58

Notes:
1. Taxation has been charged in respect of the first half of 1983 at the estimated rate chargeable for the year.
2. Earnings per share have been calculated on the 83·712 million issued ordinary shares at 25th June 1983 (26th June 1982 – 65·298 million issued ordinary shares).

Glynwed International plc, Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ

Causton in sell-off to Hunterprint

Sir Joseph Causton & Sons, London-based printing, publishing and packaging group, has sold controlling stakes in two loss-making commercial colour printing subsidiaries to Hunterprint of St Albans, Herts for a nominal £2.

Causton is reducing its involvement in the competitive high-volume colour print market to concentrate on the specialised areas of book, carton and business forms printing alongside its publishing and packaging activities.

For Hunterprint, which came to the USM last October by way of a placing of 25 per cent of its shares, this represents its first major expansion by means of acquisition.

Causton has sold 81 per cent of Sir Joseph Causton and Sons (Eastleight) and of Causton Repro to Hunterprint with a 12-month option for it to acquire the remaining 19 per cent, also for a nominal sum.

Combined net losses of the two companies being sold amounted to £534,000 in the 16 months to January 31 1983 on turnover of £8.8m compared with pre-tax profits of £386,000 made by the printing companies which Causton is retaining.

The two companies had combined net asset value of £1.13m before deducting inter-group loans of £1.72m. Caustons made provisions of £650,000 in relation to these loans and reorganisation costs which will be treated as extraordinary items in its 1983-84 accounts.

Hunterprint has agreed to ensure that about £180,000 of inter-company loans are repaid to Causton by the two companies with the balance of the loans being assigned to Hunterprint.

Hunterprint plans to reduce the sheet-fed printing capacity of the operations it is acquiring. This will lead to as yet unspecified redundancies among the 275 Causton employees it is taking on. Hunterprint now employs 250 people.

It nevertheless expects to make full use of Causton's web-offset print capacity and place some work which is now placed outside with the sheet-fed plant.

Causton's shares rose 1p to 64p yesterday while Hunterprint was an unchanged 137p.

MELVILLE STREET

Melville Street Investments (Edinburgh) has completed the issue of a further 756,000 shares at £13.60 per share. This raises the total value of MSI by £10.3m to £17.5m.

The issue of new shares was made, in the first instance, to existing shareholders, which are: British Linen Bank (which acts as manager and secretary to MSI); Standard Life Assurance Company; Scottish Northern Investment Trust; Airways Pension Fund Trustees; Edinburgh Investment Trust; and the Scottish American Investment Company. The opportunity was also taken to introduce new shareholders—Bank of Scotland 1976 Staff Pension Fund; Scottish Provident Institution for Mutual Life Assurance, and The Life Association of Scotland.

The issue is partly paid to the extent of £1.50 per share and will provide funds for further provision of development and venture capital to unquoted companies in the UK.

LRC INTERNATIONAL

LRC International's division, LRC North America, has agreed to acquire assets of the Surety Rubber Company of Ohio, which makes industrial rubber gloves. LRC will also be acquiring the trade name Surety Rubber.

The price proposed is $1.5m (£1m) for the undertaking and fixed assets, having an independently appraised value of $2.1m (£1.4m), as at April 1983. Total sales by Surety in the year 1982 were $1.5m.

It is anticipated that completion will be not later than August 31 1983.

FMC refinancing plan fails to attract support

BY DAVID DODWELL

BRITAIN'S FARMERS yesterday appeared to have snubbed appeals from the National Farmers' Union and from FMC, the country's largest slaughterhouse and meat wholesaling company, to back a £10m refinancing plan which would have kept FMC in farmers' hands.

Bankers advising FMC said yesterday that the closing date for farmers to subscribe for shares under the plan would be stretched to Wednesday at midnight—the guillotine was originally intended to fall yesterday morning—in a last-minute bid for support.

Failure of the refinancing plan opens up the possibility of a bid for the company—or a management buy-out — and almost certainly means that control of the company will in the not-too-distant future slip out of farmers' hands for the first time in its 29-year history.

Failure will also leave unresolved the problem at the heart of the refinancing plan—the need for the NFU Development Trust, which owns 75 per cent of the shares in FMC, to sell its stake to clear accumulating bank debts.

The refinancing plan, disclosed at the beginning of July after four months of speculation and at least one unwelcome bid approach, involved the creation of a new company, to be called the Farmers' Meat Company.

Ten million one pound shares were offered—principally but not exclusively to farmers—at par, payable on subscription. The company emphasised that the refinancing plan would only go ahead if it received applications worth £7m or more.

With Farmers' Meat off the ground, the new company would then have made a 49p a share offer for FMC shares, buying out the NFU Development Trust and allowing the trust to pay off its £3.4m debts. After all costs, it would have had at least £2m for modernisation and fresh investment—urgently needed in the deeply depressed and highly competitive slaughterhouse industry.

Bankers advising Farmers' Meat could not say how much money had been subscribed by yesterday morning. However, it is understood that before the weekend, a mere £1m had been forthcoming.

Mr George Cattell, managing director of FMC, said yesterday he had not ruled out a late surge in subscriptions, but could no longer feel optimistic that the plan would succeed. He admitted disappointment, but emphasised that the company was not in any commercial difficulties. Barclays Bank, principal creditor to the NFU Development Trust, was not putting pressure on the trust to repay debts, he said. In addition, the company was well within its credit limits, and was operating profitably.

In the financial year which ended in April 1982, FMC lost £2.9m before tax, but estimates for last year suggest a pre-tax profit of about £300,000. Mr Cattell is predicting a pre-tax profit for the year just started of about £1.6m. The company has paid no dividend for the past two years. None is expected this year, nor in the near future.

Speculation over a bid for FMC has been steady since March this year. A 45p a share offer from Hillsdown Holdings was rejected just before the refinancing plan was unveiled. At least two companies have been mooted as possible suitors if the plan collapses — S. and W. Berisford, and Pauls and Whites. In addition, a management buy-out is currently being discussed, with buy-out specialists Candover providing advice.

Dalgety set to gain £15m from New Zealand deal

BY DAVID DODWELL IN LONDON AND DAI HAYWARD IN WELLINGTON

Dalgety, agricultural services concern, is to merge its New Zealand subsidiary with Crown Consolidated of New Zealand in a deal in which Dalgety will be paid £15m net.

The new company, to be called Dalgety Crown, will be one of New Zealand's two largest stock and station companies, with a turnover of about NZ$1.5bn (£653m), assets of NZ$330m and a staff of 4,500.

The merger will involve Crown buying the whole Dalgety holding for 420 cents a share. At the time of the bid, Dalgety controlled about 57 per cent of its New Zealand subsidiary's shares, and will earn £25m from the sale. Dalgety will then use about £10m of the cash raised to buy a holding in the new company of marginally less than 25 per cent.

Ahead of the deal, Dalgety New Zealand's shares had risen to 360 cents, with Crown at about 220 cents. To raise funds for the purchase, Crown will issue 22m ordinary shares and 6.8m specified preference shares.

Dalgety has been operating in New Zealand since 1868. It has chosen to dilute its stake for three main reasons. First, and perhaps most important, creating a New Zealand company will meet increasing pressure for local control. Second, it will be one of the strongest stock and station companies in the country after the merger, following a national trend in which the number of companies operating has shrunk from 38 to 10 over the past three decades.

Finally, Dalgety regards New Zealand as a stable but not expanding market, and is keen to concentrate investment in more dynamic growth areas in the UK, the U.S. and Canada. A spokesman for Dalgety said the deal will help the group reduce its debt-equity ratio by "well in excess of 10 per cent."

With a holding just short of 25 per cent, Dalgety will be Dalgety Crown's largest single shareholder. It will have a majority on the 15-man board of directors. The new chairman will be Mr Rod Weir, founding chairman of Crown, with Dalgety New Zealand's current managing director, Mr Eric Millar, becoming the new managing director.

Guinness sells two loss-makers

BY CHARLES BATCHELOR

Arthur Guinness and Sons has sold another two of its loss-making non-brewing subsidiaries for nearly £1.75m. The group's disposal programme, aimed at concentrating on its basic brewing business, is nearly at an end, it said yesterday.

Guinness has sold Morison Son and Jones Overseas, grouping a large number of small trading companies mainly operating in Africa, especially Nigeria, and the Far East to ITM, a Luxembourg-registered trading company for £750,000.

The Morison disposal alone will free Guinness of a financial exposure of nearly £14m, reduce the group's net debt position by £5m and remove the threat of future losses.

Mr Olivier Roux, Guinness's head of finance, said: "The sale of Morison was extremely urgent. Guinness was not well equipped to have small trading companies throughout Africa and the Far East.

"We are really getting to the end of our disposal programme. We said last year it would take a year or two to get over the bulk."

Morison's trading performance has worsened over the past five years and it made a loss in 1981/82. Trading conditions in its main markets deteriorated and it ran into exchange control problems.

The loss on the disposal and the trading losses for the current year were fully provided for as part of the overall disposals provision in the 1981/82 accounts.

ITM is controlled by Mr Sardonis, a Greek businessman with trading interests in the same areas as Morison.

Guinness has also sold Jackel (UK), which makes babies' and children's wear, to Mayborn Products, a privately-owned manufacturer of home-dye products based in South-East London, for £975,000.

Jackel was moderately loss-making but more importantly did not fit into the Guinness structure following the sale of another subsidiary Glenco Infant Items of the U.S., to Hasbro Industries for $13.25m. Agreement in principle with Hasbro was reached in May and is now being finalised.

Guinness said this rationalisation of its non-brewing interests was taking place against the background of the marketing success for its stout. More than 3,000 outlets handling draught Guinness have been added in Great Britain this year.

Other major disposals by Guinness included its plastic injection moulding interests which were sold to Lin Pac Containers in March for about £8m and its Toucan Holiday Villages and Toucan Afloat which went to English China Clays for £13.2m in April 1982. Guinness shares fell 1p yesterday to 103p.

Helical Bar receives an approach

Helical Bar, which makes steel reinforcements and is a steel stockholder, yesterday announced that it had received a preliminary approach which could lead to an offer for the full share capital of the company.

The value of the bid and the identity of the potential bidders are not being disclosed, but the company will make a further announcement if the approach leads to an offer.

The share price rose 12p to 60p, capitalising the company at £1.7m. In the year to January 31 1983, the group made losses of £72,000 on a turnover of £7.4m, against losses of £87,000 on a turnover of £7m in the previous year.

The biggest single shareholder is Miss J. Wright, who holds 774,417 shares, amounting to 26.7 per cent of the equity capital. Europrod Corp SA used to hold a 9.8 per cent stake until it disposed of its shares last June.

Waddington set to reject BPCC offer

John Waddington, the printing packaging and games group, appears set to reject the latest £18.2m offer from Mr Robert Maxwell's British Printing and Communication Corporation (BPCC) after successfully fending off a lower offer from lottery printing group Norton Opax.

Waddington still believes the offer does not include a sufficient premium for control of the company while some of its institutional shareholders are apparently unwilling to accept BPCC paper for their shares.

The revised BPCC bid, which was increased from the £13m first offered, closes on August 23. BPCC announced yesterday that its alternative cash offer, worth 249.6p per share compared with the share offer worth 278.2p, will not be extended beyond the first closing date.

In its formal offer document, sent out last Friday, BPCC said that its 13-for-five share offer valued Waddington's shares at more than 2.6 times the price prevailing in May before Norton Opax made its opening bid.

The cash offer is worth 2.4 times the May price while BPCC is also offering a 3p dividend for each Waddington share, which together with the minimum BPCC dividend forecast for 1983, will mean dividends equal to at least 16p per Waddingon share, BPCC added.

BPCC holds 14.9 per cent of the Waddington equity and has a further 4.4 per cent committed to it by Norton Opax.

Waddington's shares fell 2p to 256p yesterday while BPCC was an unchanged 101p.

MARKHEATH PROPERTY SOLD

Markheath Securities has sold Hobart House, Southgate, London, a 26,000 sq ft gross office development, for £2.95m.

Markheath has purchased, subject to planning permission, a further site in Chase Road, Southgate. Planning application for 40,000 sq ft gross of offices on this site has received local approval from the Borough of Enfield.

Markheath has exchanged agreements with the Rank Organisation to purchase the former island site of the Gaumont Cinema and car park in North Finchley at Tally Ho Corner. This major purchase is subject to planning consent and application has been made for 100,000 sq ft office development with car parking for 315 vehicles.

MINING NEWS

Some signposts for the sharemarket's travels

BY KENNETH MARSTON, MINING EDITOR

TRAVELLING, they say, can can often be a more rewarding experience in sharemarkets than arriving. The question, of course, is where the given market is heading and as far as the mining markets are concerned the base metal issues, especially those in Australia, are reckoned to be on the right track.

Buying of the Australian issues has come not so much from UK investors as from the U.S. and, to a lesser extent, the continent. Earlier fears of political interference in the industry Down-Under have subsided—for the time being, at least—and the pending Australian budget on August 23 is not expected to cause any headaches for the miners.

Meanwhile, metal prices have been moving up and although there has not been much expansion in physical demand for metal there has been a considerable easing in the weight of stocks. Canada's Falconbridge, for example, has just reported that its nickel stocks are now down to minimum operating levels.

The strength of the U.S. dollar, in which most metals are priced, is providing a fillip to prices for producers elsewhere. In the U.S. the natural resource majors have been reporting greatly reduced losses for the second quarter and, in some cases, such as the copper-producing Phelps Dodge, a return to profits.

But as Mr Ralph L. Hennebach, chairman of Asarco, has pointed out the metal producing industry is making slower progress than the U.S. economy in general. One reason for this is the seasonal slowing-down in industrial activity and after the end of this month it would be reasonable to look for a revival.

So holders of good-class base metal issues are content to sit back and travel comfortably if not necessarily quickly. Holders of gold shares, however, face a dilemma. While there is plenty of action to be found in the exploration issues, particularly in Australia, the long-established South African mines appear to be moving uncertainly although there seems to be no desire to sell.

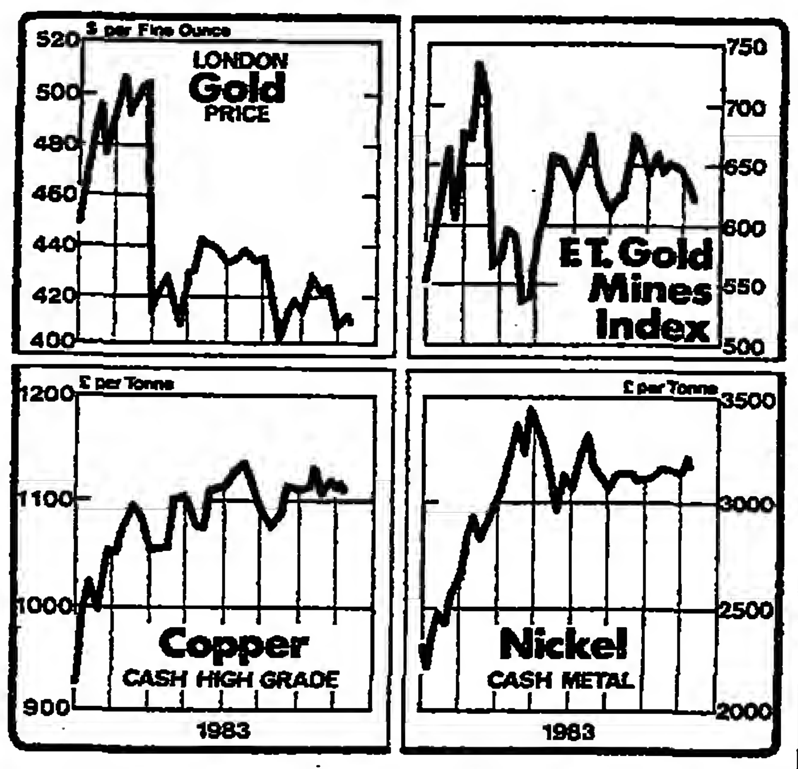
Many observers feel that in the absence of renewed strength in the bullion price, most shares appear to be high enough for the time being. Costs continue to rise, albeit modestly, and they could be given an upwards push by the recent 14 per cent pay rise awarded to the black employees.

Another factor to be considered is the effect of South Africa's drought on the supply of electric power. So far power cuts have been avoided, but this cannot continue indefinitely and despite the gold industry's call for special treatment the possibility remains that this heavy consumer of electric power may have to curb its demands.

South Africa's mining industry uses 28 per cent of the country's electric power and according to the Chamber of Mines, a reduction of 20 per cent in supplies to the gold mines for three months would mean a fall of some 13 per cent in gold production. This would also raise unit costs and affect the important pumping operations.

But matters have not yet come to that pass and, indeed, contingency planning can avoid rationing for a good while yet. In the meantime the gold price continues to lack any real direction and what is regarded as the all-important "investment" demand is being held back by fears of rising U.S. interest rates.

What tends to be overlooked, however, is the steady industrial demand which is fully capable of absorbing all the newly mined supply. Hopefully, the current coasting in the gold price may encourage buying from jewellers and other industrial consumers as they anticipate an autumn business revival.



Gold venture for Pioneer and Poseidon

AUSTRALIA'S Pioneer Concrete Services and Poseidon, the former leading light of the nickel boom in the late 1960s, have joined forces to develop the Porphyry gold project to the north-east of Kalgoorlie, Western Australia.

The project is designed to produce 30,000 ounces of gold a year during the four-year initial phase of open-cut operation. The ore has an average gold grade of 5.3 grammes per tonne, and the installation of a 200,000 tonnes a year carbon-in-pulp plant is expected to take about 10 months and cost some A$10.5m.

Pioneer owns 75 per cent of the joint venture, with the remainder in the hands of Poseidon.

Edinburgh Securities' losses at £329,000

HEAVIER pre-tax losses are reported by the Edinburgh Securities Company, oil and gas exploration, production and investment company, for the six months to June 30 1983. Losses for the period were £329,000 compared with £215,000. After tax of £2,000 this time, the attributable loss was £303,000 against £193,000. Comparatives have been re-stated.

No interim dividend is again payable, and the directors anticipate recommending an unchanged final of 0.15p. The company's shares are traded on the Unlisted Securities Market.

The realised net loss on disposal of investment and exchange differences after tax was £56,000 (£178,000). The deficit per ordinary share was 3.1p (2.41p).

The directors say the value of the company's quoted investments has risen appreciably during the period under review. The joint venture with Moseley Petroleum has made recently what appears to be a significant oil and gas discovery on the East Heyser prospect in Victoria County, Texas. A development well offsetting this discovery is expected to be drilled in September.

In Canada, Gulf Canada has successfully completed a gas discovery on the company's acreage in which Esso Exploration will have a 2.8 per cent interest, and is drilling two further wells as part of the farm-out agreement on the company's acreage in the Strachan-Ricinus area of West Alberta.

Gulf Canada has a gas contract in this area, and successful wells are expected to be on stream by the end of this year. The farm-in well drilled by Canadian Hunter was unsuccessful, but the board remains optimistic about the potential for further farm-out in the company's acreage in Canada.

MINING ANNUAL

ON THE DAY of our own resumption of publication, it is a pleasure to welcome the latest edition of Mining Annual Review. This book covers developments over the past year in all the major metals and gemstones, an update on technical progress and a worldwide survey of the mining industry arranged under separate headings for each country.

Mining Annual Review is available from Mining Journal Books, 15, Wilson Street, London EC2M 2TR, at a price of £24 ($46) by surface mail and £37 ($71) by airmail.

FINANCIAL TIMES

Tuesday August 9 1983

Eurodollar bond prices in steep decline, Page 44

WALL STREET

Prime rate move pulls the plug

FINANCIAL markets opened for business on Wall Street yesterday in the face of the widely predicted hoist in prime rates by the major banks, *writes Terry Byland in New York.*

The half-point rise to 11 per cent in prime rate at Citibank, quickly followed by the other major names, came a little sooner than expected but served to confirm fears that domestic rates are moving higher.

The rise in prime rates brought further increases in yields in the credit markets and a fresh sell-off of major stocks. In the fixed interest sector, wehere there are conflicting views on the outlook, prices fell back in a general lack of retail enthusiasm.

Leading stocks fell sharply from the opening and although selling was not heavy, attempts to rally during the morning were unsuccessful.

The Dow Jones industrial average recorded its largest one day fall for six weeks to close 20.23 down at 1,163.06. The Dow average has falled by 6.8 per cent from its peak on June 16 as renewed rises in domestic interest rates have left the share market increasingly uncertain about the short-term outlook.

Despite a slightly steadier tone at the end of the session, only 319 shares closed with gains compared with 1,326 with falls. But turnover was moderate with 71.8m shares traded.

The Dow's 1,185 mark, widely regarded as a possible support level, was breached last week, suggesting that some investors now regard prospects in the bond market more favourably than those in equities.

Interest-rate sensitive issues took the brunt of the downturn. Shares in the Federal National Mortgage Association (Fannie Mae) which is currently replacing $500m of debentures, fell $1⅝ to $20⅝. Ahmonson, $1⅜ down at $25 at one stage was a weak spot among the savings and loan issues. Sears Roebuck, a growing force in financial services and consumer credit, dipped by $1¼ to trade at $24½.

In the motor sector, where excellent quarterly results have proved no defence against the market weakness, General Motors shed, $2 to $67⅛ and Ford, at $54¾, was $1⅜ down. Chrysler shed, $⅞ to $24½, still unsettled by Federal plans to sell off warrants taken up at the time of the company's financial problems.

Other major industrials to give ground included Minnesota Mining and Manufacturing, which traded $1¼ down at $77½; General Electric, $¾ off at $47½; and Union Carbide, $1 down at $62½.

The leading computer technology issues which have been resisting the shakeout in the sector, also lost ground. IBM at $118⅞ eased by $⅞ while Honeywell lost $1⅝ to $114⅞. Burroughs at $49¾ was $1¼ off.

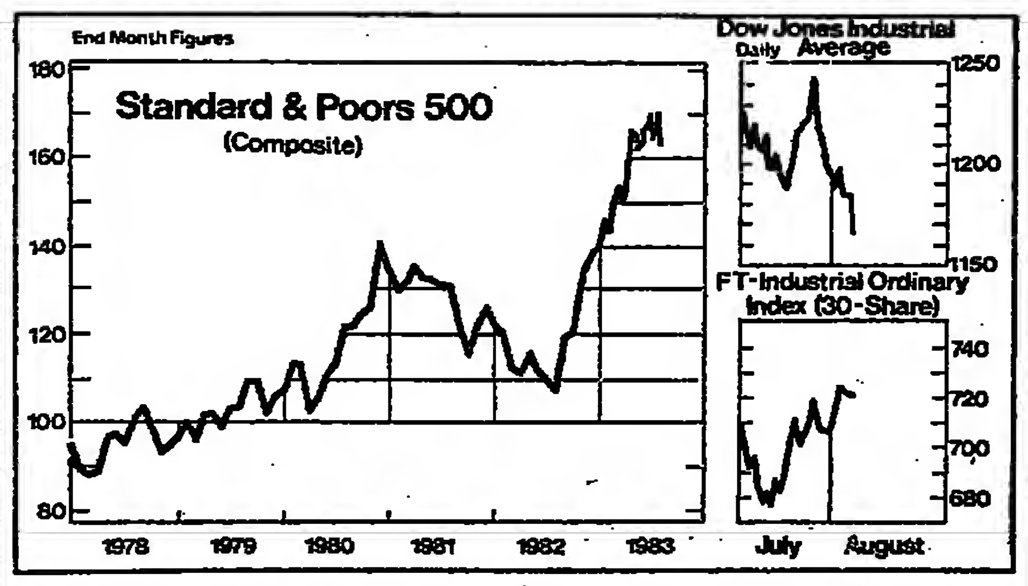
In the credit market, the sharp rise in M-1 money supply announced on Friday had already discouraged investors. The news of higher prime rates was widely expected, although there had been some hopes that the moves might have been held back until later in the week.

Treasury bill rates quickly rose by about five basis points, putting the three-month bill at a yield of 9.85 per cent and the six-month at 10.28 per cent. The 10⅜ per cent long bond of 2012, still closely watched, fell ⁵⁄₃₂ to 86²⁹⁄₃₂.

There was little sign of retail interest even at these levels.

The municipal bond market gave ground nervously ahead of a number of new issues.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 8	Previous	Year ago
NEW YORK			
DJ Industrials	1163.06	1183.29	784.34
DJ Transport	532.50	542.43	297.06
DJ Utilities	127.60	129.09	104.51
S&P Composite	159.18	161.74	103.71
LONDON			
FT Ind Ord	721.3	723.0	540.4
FT-A All-share	n/a	n/a	339.26
FT-A 500	n/a	n/a	372.24
FT-A Ind	n/a	n/a	338.15
FT Gold mines	624.7	627.0	247.8
FT Govt secs	79.23	79.03	72.39
TOKYO			
Nikkei-Dow	8961.09	8946.66	7068.28
Tokyo SE	659.41	659.06	524.17
AUSTRALIA			
All Ord.	672.7	680.9	468.3
Metals & Mins.	583.5	596.6	347.2
AUSTRIA			
Credit Aktien	55.32	55.31	49.06
BELGIUM			
Belgian SE	131.26	132.04	92.26
CANADA			
Toronto Composite	2402.0	2435.5	1413.4
Montreal Industrials	424.71	430.78	258.57
Combined	401.79	406.99	245.8
DENMARK			
Copenhagen SE	165.59	166.07	87.93
FRANCE			
CAC Gen	130.4	131.4	96.0
Ind. Tendance	138.9	139.5	109.0
WEST GERMANY			
FAZ-Aktien	320.11	325.84	223.75
Commerzbank	948.2	964.2	678.4
HONG KONG			
Hang Seng	1028.0	1028.25	1169.62
ITALY			
Banca Comm.	198.59	199.12	157.55
NETHERLANDS			
ANP-CBS Gen	139.9	139.6	85.6
ANP-CBS Ind	113.0	112.9	68.3
NORWAY			
Oslo SE	201.62	201.75	105.27
SINGAPORE			
Straits Times	910.67	923.77	628.0
SOUTH AFRICA			
Golds	873.6	865.0	455.7
Industrials	928.3	937.0	575.1
SPAIN			
Madrid SE	closed	119.29	112.52
SWEDEN			
J & P	1519.29	1499.2	634.14
SWITZERLAND			
Swiss Bank Corp	346.7	346.3	242.6
WORLD	May 31	Prev	Yr ago
Capital Int'l	174.6	175.5	122.5

GOLD (per ounce)

	Aug 8	Prev
London	$408.625	$411.125
Frankfurt	$407.25	$409.02
Zürich	$407.50	n/a
Paris (fixing)	$411.48	$408.76
New York (Aug)	$412.00*	$413.50

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Aug 8	U.S. DOLLAR Previous	STERLING Aug 8	STERLING Previous
£	1.4905	1.4855	–	–
DM	2.6965	2.6825	4.02	3.9875
Yen	244.3	244	364.5	362.5
FFr	8.115	8.08	12.095	12
SwFr	2.1810	2.1710	3.2525	3.2275
Guilder	3.0135	2.9980	4.495	4.455
Lira	1598.25	1588	2382	2357.5
BFr	54.05	53.80	80.55	79.9
C$	1.23675	1.2350	1.8425	1.8355

INTEREST RATES

	Aug 8	Prev
Euro-currencies (three month offered rate)		
£	10	9 15/16
SwFr	5	5
DM	5⅞	5¾
FFr	16⅛	16¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	10 11/16	10 11/16
6-month U.S.$	11⅛	11 1/16
U.S. Fed Funds	9¾*	9⅝
U.S. 3-month CDs	10.20*	10.05
U.S. 3-month T-bills	9.53*	9.41

U.S. Treasury Bonds

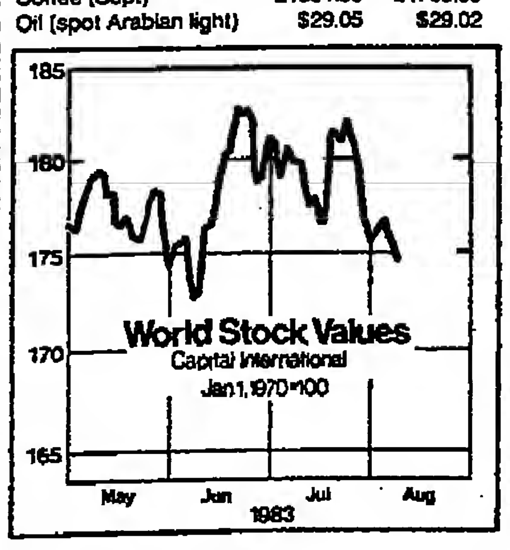
	Aug 8 Price	Aug 8 Yield	Prev Price	Prev Yield
10 1985	99 10/32	9.95	99 15/32	9.95
10¾ 1990	94 4/32	11.93	92 24/32	11.34
11⅞ 1993	98 24/32	12.05	98 16/32	12.10
12 2013	99 4/32	12.06	99 4/32	12.09

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
September	68–22	69–03	68–08	69–03
U.S. Treasury Bills (IMM) $1m points of 100%				
September	90.30	90.30	90.20	90.32
Cert Deposit (IMM) $1m points of 100%				
September	89.66	89.68	89.59	89.69
LONDON				
Three-month Eurodollar $1m points of 100%				
September	89.27	89.38	89.26	89.36
20-year Notional Gilt £50,000 32nds of 100%				
September	101–13	101–27	101–04	101–07

LONDON COMMODITY MARKETS

	Aug 8	Prev
Silver (spot fixing)	779.70p	782.75p
Copper (cash)	£1107.00	£1118.00
Coffee (Sept)	£1691.50	£1705.00
Oil (spot Arabian light)	$29.05	$29.02



LONDON

Adverse influences resisted

A RESILIENT showing by London stocks yesterday was achieved in the face of continuing uncertainties in foreign exchange centres. Equity markets reacted calmly to higher U.S. primes, and early gains in gilt-edged were only slightly pared.

Blue chip industrials rarely strayed from Friday's closing levels until the after-hours trading. Many then softened owing to an early 15-point fall on Wall Street, and the FT Industrial Ordinary share index closed 1.7 down at 721.3.

A burst of speculative enthusiasm for Irish Sea oil hopefuls was led by Atlantic Resources with a leap of 115p to 450p.

Losses in mining markets were widespread, however. Golds attracted selling pressure from Johannesburg and numerous European centres. *Details, Page 39; Share information service, Pages 40–41.*

AUSTRALIA

THE HEAVY overseas buying which Sydney has experienced over the past three weeks fell off sharply yesterday as the upward pressures on international interest rates prompted profit-taking.

With declines outnumbering advances by about five to two and turnover down to A$31.63m from Friday's A$59.91m, the All Ordinaries index slipped 8.0 to 672.7. Base metal, gold mining and energy issues suffered the severest setbacks, with Central Norseman off 20 cents to A$7.70 and Vamgas 15 cents to A$3.55.

A wave of Melbourne sales in News Corporation slashed A$1.12 off its price at A$8.36.

HONG KONG

CAUTIOUS early gains were largely eroded by the Hong Kong close to leave the Hang Seng index a bare 0.25 off at 1,028.00 as trading volume receded to a value of HK$88.35m, just more than half the HK$164.14m exchanged on Friday.

Late morning resistance by the local dollar to the strength of its U.S. counterpart gave a temporary fillip, but this died away as the U.S. unit approached further peaks.

Hutchison Whampoa shed 20 cents to HK$14 and Hongkong Bank five cents to HK$7.90 while Hongkong Electric picked up 10 cents to HK$6.

SINGAPORE

SELLING pressure held sway in Singapore ahead of the Prime Minister's national day speech last night and a holiday today, with some short-sellers evident as prospective buyers held to the sidelines.

The Straits Times industrial index, which on Friday had failed to hold a chart support level of 925 for the first time in 3½ months, relinquished a further 13.10 to 910.67 in moderate dealings.

Industrials were the most sharply affected. Hong Leong fell 30 cents to S$6.80 and Fraser & Neave 20 cents to S$8.75. Commodities and shipyards were mixed.

SOUTH AFRICA

GOLD shares ended mostly firmer, though below the day's highs in Johannesburg, despite a bullion price which once again edged below $410 an ounce.

In fairly active trading, Buffels closed 75 cents higher at R65, after a R65.50 peak, while among the lightweights, Deekraal was 15 cents ahead at R5.35, after R5.40.

Mining financials and other minings were quietly firm with Anglo American up 10 cents at R22.90, De Beers 20 cents ahead at R11.20 at Palamin gaining 25 cents to R18.75. The industrial sector was mixed where changed.

CANADA

THE INTEREST rate moves in the U.S., although not immediately followed by Canadian lending institutions, brought a quick downward response in stock markets there.

Losses were spread fairly evenly among all the sectors represented, with Montreal marking down banks and utilities as well as industrials.

Toronto, a more resource-biased market, had the additional dampener of weakness in the gold bullion price. Vancouver was similarly afflicted.

TOKYO

Yen shunts investors to sidelines

THE YEN'S continued weakness against the U.S. dollar combined with uncertainties over the future trend of U.S. interest rates to keep investors away from both the equity and bond markets in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The 225-issue Nikkei-Dow Jones average finished 1.09 off at 8,960 on volume of 205.34m shares, the second slowest trading for a full-day session this year.

The stock market has risen steadily since late July on the strength of firmness on Wall Street, but it now seems to have lost its main support as the New York market enters another correction phase. Most investors, discouraged by the yen's further decline on currency markets, moved to the sidelines to wait and see how Wall Street would react to the fourth consecutive weekly rise in the U.S. M-1 measure of money supply announced last Friday.

The only area of active interest was a selected number of incentive-backed issues. Banyu Pharmaceutical – which announced a capital tie-up with Merck, a major American pharmaceutical maker – posted a limit gain of Y100 to Y1,000 in fairly active trading which included purchases by individual investors.

Minolta rose Y75 to Y615 on expectations of an improved earnings position with lower excess inventories overseas in single-lens reflex cameras. Shin-Etsu Chemical was Y67 higher at Y782 on the prospect of increasing demand for silicon for use in semiconductors.

Among the most active stocks, Nippon Sanso advanced Y35 to Y339, Furukawa Y12 to Y353, Tokiko Y39 to Y537 and Nippon Soda Y35 to Y730. But Sanyo-Kokusaku Pulp was off Y3 to Y250, Tokuyama Soda Y10 to Y375, and Mitsui Mining and Smelting Y6 to Y638.

Bond trading was very slow as the market was gripped by bearish sentiment, apparently feeling that no improvement could be expected for the time being, considering the yen's weakness and the rising U.S. money supply.

Trust banks and other major institutional buyers simply adopted a hands-off attitude toward the market, while sellers such as city and regional banks also remained cautious as they tried to avoid losses by selling their holdings at present price levels. With both sellers and buyers locked in a wait-and-see game, bond prices held steady and moved little within an extremely narrow range.

"With bond inventories at the disposal of securities houses running low, supply and demand on the market are roughly balanced, though on a reduced scale," a trader at a major securities house commented.

EUROPE

Markdowns fail to spur Frankfurt

SHARP opening markdowns failed to attract Frankfurt buying orders yesterday as participants monitored the dollar's upward course, with the belief growing that Bundesbank intervention would come in the form of higher interest rates.

Similar worries were echoed throughout the European bourses but were manifested largely in a retreat to the sidelines, leaving West German equities to show the clearest effects of cautious but deliberate selling. The U.S. prime rate rises came after the close of nearly all Continental business.

Vehicle issues, which have led the gains achieved in recent weeks, became the focus of profit-taking. Daimler-Benz dropped DM 9.50 to DM 585, BMW DM 5.50 to DM 374.50 and Volkswagen DM 2.50 to DM 210.

The major banks, meanwhile, failed to benefit from the strong results they have been reporting. Deutsche Bank shed DM 4.60 to DM 319.90, Dresdner DM 1.30 to DM 177.30 and Commerzbank DM 2.50 to DM 173.50.

These sort of dents in blue chip values pulled the Commerzbank index 18 points lower to 946.2 while its FAZ counterpart came down 5.73 to 320.11.

Domestic bonds, thinly dealt, suffered parallel falls averaging around 70 basis points as the Bundesbank bought a sizeable DM 92.8m in paper, up from Friday's DM 82.8m worth. Call money hovered around 5.10 per cent with liquidity tight.

Milan had the additional upsetting element of a policy statement today by the new Italian Government. There, too, the pattern was one of light selling leading to widespread declines in the absence of any marked demand.

Snia Viscosa eased L15 to L1,100 and Fiat L33 to L3,088 while insurance leader Generali shed L725 to L136,000. Orders from aborad lifted Montedison L1.8 to L214. Bonds held narrowly mixed.

A further slowing in Swiss inflation to 2.2 per cent heartened **Zurich**, although gains were selective and favoured banks more than industrials. Crédit Suisse pushed an improvement last week SwFr 20 further to SwFr 2,185 but the recently-strong Schindler dipped SwFr 30 to SwFr 2,300.

Insurers were relatively inactive while minimal bond trading left public paper some 30 basis points easier.

The most resilience to the rate fears, however, was displayed in **Stockholm** where lively trading took Electrolux SKr 5 up to a record SKr 249. Pharmacia jumped SKr 25 to SKr 730 after stock shortage had bid it as high as SKr 770.

A late **Amsterdam** downturn left Philips a guilder weaker at Fl 50 and KLM down Fl 1.30 at Fl 157.70. Banks held up better but government bond prices fell. Slow **Brussels** trading brought Bruxelles Lambert BFr 70 lower to BFr 2,230 but Electrafina drew benefit from a possible joint venture with AT&T, gaining BFr 45 to BFr 3,750.

Oils were a weak **Paris** feature after Cie Française des Petroles abandoned exploration at a well in northern France. CFP shed FFr 7.80 to FFr 172.40 and Petroles BP FFr 23.30 to FFr 94.70.

WORLD STOCK MARKETS

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NEW YORK

Indices

NEW YORK-DOW JONES

	Aug 8	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1183.06	1183.29	1183.09	1197.82	1188.8	1184.21	1248.3 (15/6)	211.44 (2/8)	1248.3 (16/6/83)	41.22 (2/7/32)
Transport	532.5	542.43	540.41	553.32	546.64	548.31	589.29 (24/6)	434.24 (3/1)	589.29 (24/6/83)	12.23 (8/7/32)
Utilities	127.6	128.89	128.9	130.44	129.19	128.8	132.9 (25/7)	119.46 (3/1)	163.32 (20/4/69)	10.85 (28/4/42)
Trading vol 10000's†	7180	6785	10097	8837	7446	7721	-	-	-	-

	Jul 29	Jul 22	Jul 15	(Year Ago Approx)
Ind div yield %	4.82	4.50	4.84	6.82

STANDARD AND POORS

	Aug 8	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	179.47	182.4	181.85	184.2	182.58	182.72	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	159.18	161.74	161.33	163.44	162.81	162.84	178.99 (22/6)	138.34 (3/1)	178.99 (22/6/83)	4.4 (1/6/32)

	Aug 3	Jul 27	Jul 20	Year Ago (Approx)
Ind div yield %	4.89	3.88	3.84	6.88
Ind. P/E Ratio	14.20	14.69	14.73	7.40
Long Gov Bond Yield	11.78	11.47	11.24	13.04

N.Y.S.E. ALL COMMON

Aug 8	Aug 5	Aug 4	Aug 3	1983 High	1983 Low
-	-	-	-	442.62 (6/5)	79.70 (24/1)

RISES AND FALLS

	Aug 8	Aug 5	Aug 4
Issues traded	980	1881	954
Rises	388	808	379
Falls	331	673	205
Unchanged	321	422	378

MONTREAL

	Aug 8	Aug 5	Aug 4	Aug 3	1983 High	1983 Low
Industrials	424.71	430.78	429.85	434.86	493.80 (5/5)	329.12 (4/1)
Combined	401.78	406.95	406.72	411.12	420.80 (27/7)	319.4 (5/5)
TORONTO Composite	2402.0	2435.5	2430.2	2469.8	2517.7 (27/7)	1949.8 (4/1)

U.S. INDICES; CLOSING VALUES. YESTERDAY'S CANADIAN INDICES; LATEST AVAILABLE

	Aug. 8	Aug. 30	Aug. 27	Aug. 5	1983 High	1983 Low
AUSTRALIA						
All Ord. (1/1/80)	572.7	580.3	588.2	575.7	588.2 (4/8)	487.8 (4/1)
Metals & Mins. (1/1/80)	583.5	596.5	608.9	599.4	608.9 (4/8)	411.8 (4/1)
AUSTRIA						
Credit Aktien (2/1/62)	55.52	56.51	55.28	55.55	58.8 (5/5)	48.48 (15/2)
BELGIUM						
Belgian SE (31/12/63)	131.26	132.84	132.90	132.20	134.45 (1/8)	100.50 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	165.59	166.07	164.98	165.19	166.07 (5/8)	100.00 (3/1)
FRANCE						
CAC General (31/12/82)	130.4	131.4	131.5	130.1	131.9 (4/8)	86.1 (3/1)
Ind Tendance (31/12/82)	138.9	139.5	140.5	138.4	140.5 (4/8)	95.0 (5/1)
GERMANY						
FAZ-Aktien (31/12/58)	328.11	325.84	329.84	329.39	331.65 (7/7)	241.98 (26/1)
Commerzbank (Dec 1953)	949.2	964.2	976.7	975.4	986.5 (7/7)	727.9 (26/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1029.00	1028.25	1022.98	1059.11	1102.64 (21/7)	761.81 (4/1)
ITALY						
Banca Comm Ital. (1972)	196.58	198.12	198.49	200.08	214.93 (21/3)	160.45 (10/1)
JAPAN**						
Dow Average (16/5/49)	8960.08	8948.66	9038.61	9018.20	9112.07 (28/7)	7803.18 (25/1)
Tokyo New SE (4/1/68)	659.83	659.08	664.84	664.26	671.88 (28/7)	574.51 (25/1)
NETHERLANDS						
ANP-CBS General (1970)	138.3	138.6	140.6	139.1	141.4 (27/7)	100.7 (4/1)
ANP CBS Indust (1970)	115.0	112.9	115.8	112.7	114.0 (27/7)	83.5 (4/1)
NORWAY						
Oslo SE (4/1/83)	201.62	201.75	202.25	199.92	202.78 (28/7)	98.01 (4/1)
SINGAPORE						
Straits Times (1966)	910.67	923.77	958.60	946.45	984.44 (17/6)	712.29 (5/1)
SOUTH AFRICA						
Gold (1958)	(u)	885.0	899.4	903.2	1099.5 (1/2)	894.5 (28/3)
Industrial (1958)	(u)	937.6	937.6	934.2	968.7 (29/6)	740.8 (3/1)
SPAIN						
Madrid SE (31/12/82)	(c)	118.29	118.65	119.74	120.62 (13/7)	98.32 (11/1)
SWEDEN						
Jacobson & P. (1/1/58)	1519.29	1489.20	1495.54	1484.71	1519.29 (8/8)	898.16 (3/1)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	349.7	346.3	347.0	344.5	347.0 (4/8)	284.4 (4/1)
WORLD						
Capital Int'l (1/1/70)	—	174.8	175.5	176.9	182.7 (22/6)	154.3 (3/1)

(**) Saturday May 21: Japan Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

New York Active Stocks

Monday	Stocks Traded	3.00 p.m. Price	Change on Day		Stocks Traded	3.00 p.m. Price	Change on Day
Exxon	1,988,500	37	-1/4	Chrysler	808,700	24 3/8	-7/8
Fanny Mae	1,283,800	20 3/8	-1 1/2	Alumenaco	789,200	24 5/8	-2
ATT	1,001,800	63 5/8	+3/8	Gen Motors	778,100	67 1/2	-1 5/8
Sears Roe	855,500	39 1/8	-1 1/8	So Wst P.S	481,100	17 1/2	-1/8
Schlumb	847,500	58	+1/8	IBM Corp	474,400	119 1/8	+1/8

MARKET REPORT

Markets display resistance to adverse U.S. influences

Speculative Oils lively again

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug 1	Aug 11	Aug 12	Aug 22
Aug 15	Sept 1	Sept 2	Sept 12
Sept 5	Sept 15	Sept 16	Sept 26

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets yesterday moved quietly but firmly into the second and final leg of the current trading Account. Business was subdued because of holiday influences, but markets made a resilient showing in the face of continuing uncertainties in foreign exchange centres.

Higher U.S. Primes yesterday—many lenders increased their rates to 11 per cent—justified fears that the continued explosion in money growth there would lead to dearer credit. London equity markets reacted calmly and early gains in Gilt-edged were slightly pared only in the later business.

Yield considerations attracted a reasonable demand for longer-dated Gilts with buyers again choosing to ignore the pound's recent marked weakness against the dollar; sterling yesterday regained a little ground against the dollar and continued its improvement over European currencies. After opening higher, long Gilt-edged maturities extended the gains to around ¾ before easing late to close about ½ up on balance. The shorts were only marginally better.

Reflecting the continued absence of domestic institutional activity and a lull in American interest, blue chip industrials rarely strayed from Friday's closing levels until the after-hours' trading. Many then softened owing to an early 15-point fall on Wall Street and the FT Industrial Ordinary share index closed 1.7 down at 721.3.

Leading Oils were one of the better sectors, but were overshadowed by another burst of speculative enthusiasm for Irish Sea hopefuls. **Atlantic Resources** led again with a leap of 15 to 450p, while **Moray Firth**, **Aran Energy** and **Cluff** were among other lively contenders.

CU better

Weekend Press comment ahead of today's interim results attracted buyers to **Commercial Union** which closed 5 up at 162p. Elsewhere in Composite Insurances, **Eagle Star** hardened a couple of pence to 410p but **General Accident** softened that much to 423p; the latter's half-yearly figures are scheduled for tomorrow. Among Life issues, **Hambro Life** featured with a rise of 8 to 394p.

Little of interest took place in the banking sector. A small speculative interest was shown for selected Hire Purchases. Old bid favourite **First National Finance Corporation** edged forward 1½ to 59p, while **Cattle's Holdings** added the same amount at 29½p.

Security alarms services concern **Scusa Inc.** staged a successful debut in the Unlisted Securities Market; the shares, offered for sale at 85p, opened at 97p and, in lively trading, advanced to 102p.

Breweries displayed a slightly lower bias, although falls were attributable more to lack of interest than to the 4 per cent reduction in beer production for June. **Allied-Lyons** eased a couple of pence to 145p, while **Arthur Guinness**, dull last week following Grand Metropolitan's decision to withdraw the product from selected Chef and Brewer outlets, shed a penny to 103p following the sale of two non-brewing subsidiaries for around £1.7m. Losses among regionals often resulted from dealers attempting to establish realistic trading levels; **Forshaws Burtonwood** closed 10 off at 475p, while **Greene King** shed 4 to 198p, and **Matthew Brown** 6 to 216p.

Leading Building issues presented a rather drab picture. **Blue Circle** drifted off to close 10 down at 415p, while **Barratt Developments**, the subject of adverse comment in the weekend Press, gave up 8 to 208p. Secondary issues displayed one or two bright spots. **UBM** firmed 2 to 93p on bid hopes, while **SGB** put on 6 to 130p following call option business. Steel reinforcement concern **Helical Bar** jumped to a 1983 peak of 70p before closing a net 17 up at 65p following a bid approach. By contrast, **William Whittingham** shed 4 to 102p in the wake of profit-taking pending further bid developments. **Johnstones Paints** were marked down 15 to 125p in an attempt to establish a trading level.

Business in **ICI** was extremely quiet and the price, steady at 548p throughout the House session, slipped 2 to 546p in the after-hours' trading on Wall Street advice.

Wearwell wanted

Lack of investment incentive resulted in a subdued session in leading Stores which, with the exception of **GUS A**, 3 up at 545p hovered around last Friday's closing positions. A couple of useful gains were noted among secondary counters; **Wearwell** attracted good support and advanced 8 to 80p, while speculative attention was also directed towards loss-making furniture manufacturers **Kraft Productions** which ended a like amount dearer at 86p. Buyers also showed interest in **Selincourt** which hardened 1½ to a 1983 high of 15½p.

Interest in leading Electricals was at a low ebb. **Plessey**, with first-quarter figures scheduled for Thursday, recovered from an initial easier level of 223p to close unaltered at 228p. Secondary issues were featured by a fresh decline of 4 to 18p in **Quest Automation** on further consideration of last week's announcement that a Receiver had been appointed to an associated company. **Ward and Goldstone** cheapened 2 to 70p despite the profits recovery.

Quiet conditions prevailed in the Engineering sector but the underlying tone was steady to firm. **TI** edged up a couple of pence to 162p awaiting Thursday's interim results, while **GKN**, also due to report half-yearly figures on Thursday, hardened a penny to 178p. Favourable weekend Press mention directed buying attention to **Redman Heenan**, 4½ to the good at 21½p. Reflecting the chairman's annual statement at the meeting, **GEI** firmed 3 to 60p.

FINANCIAL TIMES STOCK INDICES

	Aug. 8	Aug. 5	Aug. 4	Aug. 3	Aug. 2	Aug. 1	year ago
Government Secs.	79.23	79.03	79.19	79.16	78.86	78.85	72.39
Fixed Interest	82.08	82.01	82.07	81.95	81.87	81.86	72.94
Industrial Ord.	721.3	723.0	723.6	725.6	718.0	707.1	540.4
Gold Mines	624.7	627.0	647.1	653.1	650.6	645.4	247.8
Ord. Div. Yield	4.61	4.61	4.59	4.58	4.62	4.70	6.46
Earnings, Yld.% (full)	9.19	9.17	9.13	9.05	9.14	9.29	11.70
P/E Ratio (net) (*)	13.59	13.61	13.67	13.75	13.61	13.39	10.34
Total bargains	19,712	20,026	17,000	19,273	17,303	17,687	16,038
Equity turnover £m.	—	159.39	183.27	226.74	178.81	156.11	110.81
Equity bargains	—	15,908	17,382	17,391	16,536	14,976	11,057
Shares traded (ml)	—	105.9	120.9	139.3	114.5	121.5	74.8

10 am 722.4 11 am 722.6 Noon 723.0. 1 pm 723.0
2 pm 723.0. 3 pm 723.8.

Basis 100 Govt Secs. 16/10/26 Fixed Int. 1928 Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.81.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.74 (15/6)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord	731.4 (21/6)	598.4 (12/1)	731.4 (21/6/83)	49.4 (26/6/40)
Gold Mines	734.7 (16/2)	531.5 (28/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 5	Aug. 4
—Daily		
Gilt Edged Bargains	123.2	131.3
Equities Bargains	103.1	112.6
Value	322.2	370.4
5-day Avrge		
Gilt-Edged Bargains	128.2	127.6
Equities Bargains	106.5	110.1
Value	365.6	394.7

Interest in Leading Foods was at a low ebb and quotations usually closed with modest falls. **Cadbury Schweppes**, 105p, and **Rowntree Mackintosh**, 208p, both lost a couple of pence. Elsewhere, **Ranks Hovis McDougal** firmed a penny to 74p. **Alpine Soft Drinks** touched 39p before closing a penny dearer on balance at 37p following a newsletter tip.

BOC higher

Miscellaneous industrial leaders plotted an irregular course in thin trading. **BOC** attracted a good demand ahead of Thursday's first-quarter figures and the close was 6 up at 241p. **Pilkington** rose the same amount to 236p and **Metal Box** gained 4 to 246p. Elsewhere, **Turner and Newall** revived with a jump of 7 to 65p as buyers began to show interest ahead of the first-half results due early next month. **Johnson Matthey** reflected Press comment with a gain of 6 to 293p and **Relyon** firmed 7 to 122p following the interim results. **Associated British Ports** found support at 178p, up 7p, while **Smith and Nephew** rose 6 to 174p. **Sears**, 71p, and **Booker McConnell**, 97p, hardened 2 apiece in response to Press comment and **Securicor A** put on 8 to 305p ahead of tomorrow's interim figures. Fading bid hopes clipped 6 from **Dufay Bitumastic** at 56p and **Manchester Ship Canal** relinquished 10 to 155p following the results. A good market last week on details of the acquisition of Claxton and Garland, **Scottish Heritable Trust** improved further to 55p before retreating on profit-taking to finish a net 2 lower on balance at 50p. **Grovebell's** interim results failed to impress and the shares closed unaltered at 14p after 16p.

Pavilion Leisure, a volatile market recently, touched 80p before rallying to close unchanged on balance at 68p following the announcement that a charitable trust had been formed to manage the Glasgow Pavilion Theatre on a day to day basis.

Motor Distributors were irregular. Call option business lifted **Henlys** 3 to 88p, while support was also evident for **Hartwells**, 7 dearer at 92p. **Lex Service**, on the other hand, came under pressure despite favourable Press comment and closed 10 lower at 340p.

Among Publishers, **Websters** benefited from favourable weekend Press comment and advanced 7 to 98p. **News International** special dividend shares, 87.9 per cent of which are controlled by Mr Rupert Murdoch's News Corporation, closed 8 to the good at 255p. Elsewhere, **Sir Joseph Causton** firmed a penny to a 1983 high of 64p following the sale of its colour printing businesses to **Hunterprint**, unchanged at 137p, for a nominal sum.

Annual profits slightly below market estimates and the absence of an asset revaluation clipped 8 from **Stock Conversion** to a 1983 low of 252p. Other Properties traded quietly and closed with a slightly easier bias. **MEPC**, 208p, and **Great Portland Estates**, 122p, both lost a couple of pence, but **Land Securities** held at 298p. Buying in front of today's interim results left estate agents **Bairstow Eves** 3 dearer at 93p.

Week-end Press comment stimulated buying interest for **Kwahu** which touched 30p before settling with a rise of 8 at 26p. Elsewhere in the Financial sector, **Exco International** met selling and gave up 38 to 537p, while **Mercantile House** also came on offer and lost 20 at 745p.

Atlantic Res. feature

Oils shares were featured by yet another hectic day's trading in Atlantic Resources and other speculative exploration issues. Still reflecting hopes of a commercial oil discovery in the Irish sea, **Atlantic** touched a peak of 460p before settling at 450p for a fresh jump of 115p. **Fitzwilton**, the Irish Investment company which has a substantial stake in Atlantic Resources, closed 12 higher at 53p, after 58p. **Aran** advanced 9 to 52p, after 57p, while **Moray Firth** touched 71p before settling at 68p, up 3, and **Cluff** finished 5 dearer at 70p, after 73p. Leading issues tended to be overshadowed, but made a firm showing. **BP** improved 8 to 412p and **Shell** 4 to 598p. **Ultramar** rose 13 to 695p, while **Tricentrol**, assisted by news of the Chinese contract, improved 6 to 224p.

Golds down again

A series of increased prime rates in the U.S. depressed the bullion and base-metal markets and led to widespread losses in mining sectors. Bullion dipped to around $405.75 before rallying to close a net $2.375 cheaper at $408.625 an ounce.

Golds opened easier, reflecting the downturn in bullion price in Hongkong, and continued to attract selling pressure from Johannesburg and numerous European centres.

This selling remained throughout the session but was cushioned somewhat by light American support as the gold price rallied from its lowest levels.

The Gold Mines index eased 2.3 to 624.7, extending the recent fall to one of 28.4 during the past three trading days.

Losses among the leading heavyweights were generally confined to around ½, as in **Vaal Reefs**, £85½ and **Western Holdings**, £34½.

A notable exception to the general trend, **President Brand** jumped £1½ to £31½ following substantial American buying interest late on Friday evening.

Financials moved similarly to Golds. Weak precious and base-metal prices took their toll in London financials where **Gold Fields** dipped 7 to 568p and **Charter** 6 to 267p.

Recently buoyant Australians encountered sizeable profit-taking, which was accelerated by the renewed weakness of Wall Street.

Favourable Press comment lifted **Carr Boyd** to an initial 87p before a closing level of 83p, a net loss of 2, while **Hill Minerals**, also the subject of Press mention, hardened a penny to 51p.

Leading Golds showed **Poseidon** 15 cheaper at 316p while diversified miner **Peko-Wallsend** dropped 12 to 454p.

Elsewhere, Press comment promoted a good demand for **East Rand Consolidated**, which jumped 4 to 27p in a thin market.

Demand for Traded Options remained at a relatively low ebb. Total contracts amounted to 1,841, comprising 1,392 calls and 449 puts. **Commercial Union**, due to announce interim results today, attracted 292 calls and 53 puts, while **Lonrho** recorded 243 calls. Notable premium rises were few, although **British Petroleum** 380 calls improved 10 to 36p. Put business was dominated by **Imperial Group** which attracted 119 deals, 106 of which were done in the August 120s.

Unit Trusts and FT-Actuaries

Publication of the Unit Trust Information Service and the FT-Actuaries indices will be resumed as soon as possible, hopefully within a day or two for the Authorised Unit Trusts and the equity section of the FT-A.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (76)

COM'WEALTH & AFRICAN LOANS (1)
Aust. 6pc '81-83

FOREIGN BONDS (1)
Ireland 9¾pc '91-96

AMERICANS (1)
Sperry Corp.

CANADIANS (1)
Inco

BANKS (2)
Bank of Ireland, Cattles

BEERS (1)
Irish Distillers

BUILDINGS (5)
Cement Roadstone, Helical Bar, Notts Brick, Streeters, Ward Hldgs.

CHEMICALS (3)
Brit. Tar Prods., Physu, Ciba Geigy 8¼pc Cnv. 1982-85

STORES (2)
Geller (A. J.), Selincourt

ELECTRICALS (1)
First Castle Elect.

ENGINEERING (6)
AI Ind. Prods., Hall (M.), Locker (T.), Locker (T.), Do. A, Parkfield Foundries

FOODS (1)
R.H.M.

HOTELS (1)
Wheeler's Rests

INDUSTRIALS (15)
Assoc. Brit. Ports, Booker McConnell, Brengreen, Dwek, Fitzwilton, Gripperrods, Inital, L.C.P., Schlumberger, Scot. Heritable, Sears, Shiloh, TNT, Turner & Newall, Utd. Guarantee

NEWSPAPERS (6)
BPM Hldgs. A, Bristol Post, Fleet Hldgs, Link House, News Int. Sp. Div., Websters Group

PAPERS (1)
Causton (Sir J.)

PROPERTY (1)
Lend Lease

SHIPPING (1)
Gotaas-Larson

TEXTILES (2)
Atkins Bros., Courtaulds

TRUSTS (10)
Alliance Inv., Argo Inv., Ashdown Inv, Border & Southern, Monks Inv., Scot. Mort. & Trust, Young Co's Inv., Ex-Lands, Kwahu, Silvermines

OILS (8)
Aran Energy, Atlantic Res., Cluff Oil, Clyde Petroleum, Goal Pet., Moray Firth, Osprey Pet., Ultramar

PLANTATIONS (5)
Anglo-Indonesian, Bertam, Rowe Evans, McLeod Russel, Do 8.4pc Cnv. Pf. 1990-92

MINES (1)
Metals Ex.

NEW LOWS (30)

AMERICANS (10)
Gen. Electric

CANADIANS (1)
Hollinger

BANKS (1)
Union Discount

BEERS (5)
Brown (M.), Buckley's Brew., Greenall Whitley, Greene King, Wolv. Dudley

BUILDINGS (3)
Erith, Johnstone's Paints, Mowlem

STORES (3)
Cantors A, Harris Queensway, Martin News

ELECTRICALS (2)
Quest Auto., Wholesale Fittings

ENGINEERING (1)
Molins

INDUSTRIALS (4)
Blundell-Perm., Crosby Woodfield, Rockware, Transcont. Serv. Wts.

MOTORS (1)
Dowty

NEWSPAPERS (1)
Sharpe (W. N.)

PROPERTY (3)
Ests. & Agency, Parkdale, Stock Conversion

TRUSTS (3)
Gresham House, Negit S.A., Kellock

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 8	Aug 19	Nov 10	Nov 21
Aug 22	Sept 9	Nov 24	Dec 5
Sept 12	Sept 23	Dec 8	Dec 19

For rate indications see end of Share Information Service

Call options were transacted in Wearwell, Tace, Central and Sheerwood, John Brown, Premier Oil, Henlys, BSR, LCP, SGB, Boots, Forward Technology, London Brick, Charterhall, Sears, Aquascutum, First National Finance, W. E. Norton, Bambers, Grovebell and Aran Energy. No puts or doubles were reported.

RISES AND FALLS

	Rises	Falls	Same
British Funds	72	2	25
Corpns. Dom. & Foreign Bonds	9	1	65
Industrials	210	205	928
Financial & Props.	76	82	359
Oils	31	24	55
Plantations	5	7	10
Mines	32	74	54
Others	56	55	92
Totals	491	450	1,588

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or –	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or –
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or –
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ○ Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Std. Tel. & Cable	26	324	+16
Fitzwilton	17	41	+ 1
BSR Int'l.	14	177	+ 2
Brengreen Now	14	112	+ 7
Security Cent.	14	325	+22
St'ira (G'dm'g)	14	42	+ 7
Automated Sec.	13	183	+33
BTR	11	535	− 5
Boots	11	170	− 1
Cable & Wirl's	11	497	+ 2
Davy Corp'n.	11	56	+ 5
Hanson Trust	11	238	+ 5
ICI	11	548	− 2
Western Mining	11	292	−13

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing Price	Day's change
Aran Energy	52	+19
Assoc. Brit. Ports	178	+ 7
Atlantic Res.	450	+115
Barratt Dev.	208	− 8
Carr Boyd	83	− 2
Cluff Oil	70	+ 5
Commercial Union	162	+ 5
Dufay Bitumastic	56	− 6
East Rand Cons.	27	+ 4
Fitzwilton	53	+12
Moray Firth	70	+ 5
Scot. Heritable	50	− 2
Scusa Inc.	102	—
Turner & Newall	65	+ 7

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$375	—	—	—	—	5	60	$407.25
GOLD C	$400	4	11.50	47	28	1	43 A	"
GOLD C	$425	13	2 A	41	17	11	30	"
GOLD C	$450	10	0.20	8	9	3	18 A	"
GOLD C	$500	—	—	65	2.60	—	—	"
GOLD C	$550	—	—	51	1.20 A	—	—	"
GOLD P	$400	26	270 A	45	12.50	—	—	"
GOLD P	$425	8	20	31	23 B	—	—	"
GOLD P	$475	10	66 B	—	—	—	—	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 10,703

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
[illegible]						

Option	Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Imperial Group (*112)						
110	3	9	14	1½	5	7
120	0½	5	9	9	14	16
130	0¼	2½	5	20	22	23
[illegible]						

Aug. 8 Total Contracts 1,841 Calls 1392 Puts 449
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¾	100¾	Exch. 13½pc '83	100¾	−⅛	13.39	10.10
100⅞	98¾	Exch 10pc 1983	99½xd	+⅛	10.01	10.17
98½	96¼	Funding 5½pc '82-84‡‡	98¼	....	5.60	9.60
101¼	99½	Exch. 11¼pc 1984	100⅝	−⅛	11.18	9.96
104⅛	102⅜	Exchequer 14pc 1984	102⅜	....	13.67	10.61
95⅞	92½	Exch. 3pc 1984	94⅜xd	....	3.18	9.91
102⅞	100⅞	Treasury 12pc 1984	101⅛	....	11.87	10.87
107⅞	104⅞	Treasury 15pc 1985	105⅛	+⅛	14.26	11.22
107	101⅛	Exch. 12pc Cnv. '85	101⅜	....	11.84	10.98
91⅝	88⅝	Treasury 3pc 1985	90½	....	3.31	8.85
102⅞	99⅜	Treasury 11½pc 1985	100½	+⅛	11.44	11.16
102	95	Treas 8¾pc Cnv '85	96⅞xd	+⅛	9.05	10.58
103⅝	100⅛	Exch 12¼pc 1985	101⅞	+⅛	12.08	11.45
102⅞	99⅞	Exch. 11¾pc '86	100⅝	+⅛	11.68	11.45
88½	85⅝	Treasury 3pc 1986	86¼	....	3.48	8.66
101⅞	97⅞	Exch. 10½pc Cv '86	97⅞	+⅛	10.72	11.48
103⅞	100⅛	Treasury 12pc '86	100⅞xd	+⅛	11.89	11.56
97½	94⅜	Treasury 8½pc '84-86‡‡	94⅞xd	....	8.96	10.56
114	103¼	Treas. 12¼pc '86 Cnv	104½	....	11.72	10.40
109⅞	105½	Exch. 14pc 1986	105⅞	+⅛	13.23	11.74
107⅞	103⅝	Exch. 13¼pc 1987	104⅞	+⅛	13.72	11.72
72¼	67⅞	Tr 10¼pc Cv'87(£70pd)	68⅞	+⅛	10.64	11.53
84⅞	80¼	Exchequer 2½pc 1987	81	....	3.09	8.86
100⅞	95⅞	Exch. 10½pc 1987	96⅞	+⅛	10.86	11.60
99⅞	96½	Exch. 10½pc 1987A	96⅞	+⅛	10.87	11.65
93¼	88⅛	Funding 6½pc '85-87‡‡	88⅛	....	7.30	10.38
81⅞	80¼	Treasury 3pc 1987	80¾	+⅛	3.72	8.90
104⅝	99⅞	Treas 12pc 1987	100¼	+⅛	11.91	11.72
93¼	89⅜	Treasury 7¾pc '85-88‡‡	89⅞	+⅛	8.62	10.64
101½	95½	Exch 10½pc '88	96⅛	+⅛	10.84	11.61
		Five to Fifteen Years				
81½	75⅜	Transport 3pc '78-88	76¾xd	......	3.91	8.96
96½	90⅝	Treas. 9½pc '88	94⅝	......	10.39	11.75
69¾	67	Tr 9½pc '88A (£70pd)	67⅞	+⅛	10.39	11.75
104⅝	95⅜	Treasury 11½pc 1989	97⅜	+⅛	11.72	11.96
97⅞	94⅛	Treas 10½pc 1989	95⅞	......	11.23	12.06
83¼	76⅜	Treasury 5pc '86-89	77⅞	......	6.62	10.46
112½	103	Treasury 13pc 1990‡‡	105⅝	+⅛	12.47	12.02
108⅜	101⅞	Exch. 12½pc 1990	106⅝	+⅛	12.28	12.07
92	86¼	Treasury 8¼pc '87-90‡‡	86¾xd	+⅛	9.65	11.33
106¼	97	Treasury 11¾pc 1991	99⅜xd	+⅛	11.91	12.01
83	75⅜	Funding 5¾pc '87-91‡‡	76⅛	....	7.76	10.79
103	95⅞	Exch. 11pc 1991	99⅛	+¼	11.47	11.77
114⅛	102	Treasury 12¾pc '92‡‡	104⅜	+⅛	12.25	11.95
99⅝	88¼	Treasury 10pc 1992	91½	+¼	10.89	11.53
110¼	98¼	Exch. 12¼pc '92	100⅞	+⅛	12.08	11.99
116	107¼	Exchequer 13½pc '92	112¼	+⅛	12.61	12.17
113¼	101¼	Treasury 12½pc '93‡‡	104⅛	+¼	12.11	11.92
79⅜	72⅛	Funding 6pc 1993‡‡	74	+¼	8.38	10.65
120¼	110½	Treasury 13¾pc 1993‡‡	113⅜	+⅛	12.45	11.94
125⅜	112⅝	Treasury 14½pc '94‡‡	114⅞	+¼	12.52	11.85
117⅝	109⅛	Exchequer 13½pc 1994	112½	+¼	12.43	12.02
113⅞	100½	Exch. 12½pc 1994	103⅛	+⅛	12.07	11.91
94⅜	86¼	Treasury 9pc '94‡‡	88½	+¼	10.41	11.23
112	98	Treasury 12pc '95	101⅜	+¼	11.90	11.85
65	61½	Gas 3pc '90/95	63¼	+¼	4.81	7.99
101⅜	88¼	Exch. 10¼pc 1995	92¼	+⅛	11.18	11.54
116¼	106⅛	Treasury 12¾pc '95‡‡	109⅝	+¼	11.96	11.70
126⅛	110	Treas. 14pc '96	113¼	+⅛	12.38	11.94
93⅜	83¼	Treasury 9pc '92-96‡‡	89½	+⅛	10.48	11.10
132⅛	121⅜	Treasury 15¼pc '96‡‡	125⅞	+⅛	12.52	11.87
121⅛	109¼	Exchequer 13¼pc '96‡‡	113¼	+⅛	11.98	11.61
68	58	Redemption 3pc 1986-96	67⅜	−¼	4.50	6.89
123⅝	107	Treasury 13¼pc '97‡‡	111½	+⅛	11.95	11.63
103⅞	89½	Exchequer 10½pc 1997	93⅝	+¼	11.17	11.38
92	80½	Treasury 8¾pc 1997‡‡	83⅝	+⅛	10.43	10.95
131½	120¼	Exch. 15pc 1997	125⅜	+½	12.39	11.87
78⅛	69½	Treasury 6¾pc '95-98‡‡	73⅛	+¼	9.67	10.65
		Over Fifteen Years				
137⅝	124¼	Treas. 15½pc '98‡‡	131½	+½	12.31	11.77
114½	101	Exch. 12pc 1998	106¼	+½	11.58	11.48
98	86¼	Treasury 9½pc 1999‡‡	89¼	+½	10.66	10.97
115⅝	103⅛	Exch. 12¼pc 1999	110	+½	11.62	11.48
104¼	92¼	Treasury 10½pc 1999	97½	+⅝	11.02	11.13
123	106	Treas. 13pc 2000	112¼	+⅛	11.63	11.40
128⅞	113¼	Treas. 14pc '98-01	119¼	+½	12.05	11.70
116⅝	99¼	Exch. 12pc '99-02	105¼	+½	11.47	11.34
130	111	Treas. 13¾pc 2000-03	117⅜	+½	11.77	11.47
117⅝	99¾	Treasury 11½pc '01-04	108¼	+⅛	11.08	11.05
50	43½	Funding 3½pc '99-04	46¾	+¼	7.53	9.38
122¼	106½	Treasury 12½pc '03-05	114½	+⅝	11.21	11.05
87½	77⅛	Treasury 8pc '02-06‡‡	82¼	+⅛	10.06	10.34
117⅝	99	Treasury 11¾pc 03-07	106½	+⅛	11.09	11.00
129¼	115	Treas. 13½pc '04-08	124¼	+⅛	11.32	11.10
65½	53¼	Treasury 5½pc '08-12‡‡	58¾	+⅛	9.36	9.81
87⅛	71⅞	Treasury 7¾pc '12-15‡‡	77⅞	+⅛	9.99	10.12
122	106¼	Exch. 12pc '13-17	115⅜xd	+⅛	10.58	10.51
		Undated				
42	35¼	Consols 4pc	38¼	+¼	10.55	
37½	31⅜	War Loan 3½pc‡‡	34⅝	+¼	10.31	—
46	37½	Conv. 3½pc '61 Aft.	45½	......	7.91	—
32	28¼	Treasury 3pc 66 Aft	30¼	......	10.27	—
25⅛	22¼	Consols 2½pc	24⅛xd	......	10.47	—
25⅞	22⅜	Treasury 2½pc	24½	......	10.59	—
		Index-Linked			(1)	(2)
106	98⅞	Treas. 2pc I.L. '88	99¼	+⅛	3.52	3.98
111¼	100	Do. 2pc I.L. '96	101⅛	+⅛	3.42	3.60
100¼	91½	Do. 2½pc I.L. '99(£40pd)	92½	+⅛	2.96	3.10
103⅞	93	Do. 2½pc I.L. 2001	93⅜	......	3.17	3.31
104	91¼	Do. 2½pc I.L. 2003	92½xd	......	3.14	3.27
107½	94⅜	Do. 2pc I.L. 2006	95⅞	......	3.05	3.16
104½	91⅜	Do. 2½pc I.L. 2009	92½xd	......	3.02	3.14
109½	97	Do. 2½pc I.L. 2011	97⅝	......	2.97	3.07
100¼	88¼	Do 2½pc I.L. 2016	89½	......	2.93	3.08

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
120	102½	Australia 13½pc 2010	108¼	+½	12.46	12.42
120	85	Euro Inv Bk 11pc Ln 2002	95½	+½	12.05	12.16
107½	103½	Finland 14½pc Ln 1986	105½	......	13.74	12.83
102⅜	90⅛	Int-Am Dev Bk 12½pc 2003	97	+⅛	13.03	13.06
106½	102½	Int. Bank 13½pc 1986	103¼xd	......	13.01	11.82
108¼	104⅜	Do. 14pc Ln 1987	105¾	....	13.29	11.92
94	77¼	Mex 16½pc 2008	83¼	....	19.70	21.53
109¼	104¼	N.Z. 14¼pc 1987	106¼	....	13.41	12.16
105½	101½	Sweden 13½pc 1986	103	....	13.11	12.06
111	95	Do. 13½pc Ln 2010	104¼	+¼	13.03	13.01

CORPORATION LOANS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	97	Bath 11¼pc 1985	99xd	......	11.37	11.71
103	99¼	Brm'ham 12½pc 1985	101⅛	......	12.36	11.72
105⅞	101½	Burnley 13pc 1987	102¾	......	12.65	11.99
100	95½	Cardiff 11pc 1986	97⅝	......	11.27	11.28
102½	101	G.L.C. 13¼pc 1984	101⅞	....	13.06	10.39
78¼	70½	Do. 6¾pc 90-92	73¼	....	9.18	11.74
86¼	82¼	Herts 6¼pc 1985-87	85	....	7.94	7.88
118½	107½	Leeds 13½pc 2006	115½	....	12.17	12.06
99⅝	97	Liverpool 9¾pc '80-84	99¼	....	9.87	11.33
30	27½	Do. 3½pc Irred.	28½xd	....	12.61	—
102	100½	Lon. Corp. 13¼pc '83	100⅝	......	13.17	10.52
97¼	93¼	Do. 9¼pc '84-85	95¼	......	9.74	11.90
95½	81¼	LCC 5½pc '82-84	95⅜	......	5.77	10.68
83⅛	78¼	Do. 5½pc '85-87	81⅝	......	6.74	11.52
81	75	Do 6¾pc '88-90	76½	......	8.87	11.90
26⅛	23¼	Do. 3pc '20 Aft.	24xd	......	12.56	—
102½	100	Sunderland 12¼pc 1984	101⅛	......	11.70	11.03

COMMONWEALTH AND AFRICAN LOANS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99¼	94½	Aust. 6pc 1981-83	99¼xd	+⅛	6.06	9.78
78¼	74¼	N.Z. 7½pc 1988-92	77¼xd	....	9.46	11.50
92¼	88¼	Do. 7½pc '83-86	90½xd	....	8.38	11.89
181	158	S. Rhod. 2½pc Non-Ass.	181	......	—	—
86	74	Do. 3½pc 80-85 Assd.	82	......	—	—
57	44	Do. 4½pc 87-92 Assd.	55	......	—	—
390	321	Zimbabwe Ann (£100pd)	390	......	—	14.04

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	71½	Agric. Mt. 5pc '59-89	72½xd	....	7.34	11.67
35½	31¼	Met. Wtr. 3pc 'B'	33¼	....	8.96	11.73

LOANS—Continued

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Financial				
102½	101⅛	FFI 14pc '83	101⅛	....	13.85	10.72
95¼	92	III 6¼pc Db '81-84	94¼xd	....	6.63	11.30
106½	96¼	Do. 10½pc Uns Ln '86	96¼	......	11.02	12.35
104	96	Do 11pc Uns Ln '88	96½	....	11.52	12.05
104½	97	Do. 11¾pc Uns Ln '90	99	....	12.01	12.15
106½	91	Do 12½pc Uns Ln 1992	98xd	...	12.76	12.90
78¾	74	Do. 7¼pc A Deb '89-92	75	....	9.89	11.89
77½	70	Do 7¼pc A Deb '91-94	75¼	....	10.10	11.85
87⅛	81	Do. 9pc 'A' '91-94	85	....	11.08	12.15
86	72⅞	Do. 8⅞pc Ln '92-97	78	....	11.43	12.15
		Building Societies				
100½	100	N'wide 11⅞pc 15.8.83	100	−⅛	—	—
100¼	98⅞	Do. 11¼pc 30.8.83	100	....	—	—
100⅜	99⅛	Do. 11⅜pc 3.10.83	100	....	11.38	10.67
99¼	98	Do. 9⅞pc 31.10.83	99¼	+⅛	9.96	10.64
99⅝	98	Do. 9⅞pc 28.11.83	99¼xd	+⅛	9.89	10.35
100½	99⅛	Do. 11¼pc 19.12.83	100½xd	......	11.24	10.70
100⅞	99	Do. 11⅞pc 23.1.84	100½	....	11.82	10.68
100⅞	100	Do 11⅞pc 13.2.84	100½	......	11.82	10.86
100⅝	99	Do. 11¼pc 19/3/84	100	...	11.25	11.29
100⅝	99⅞	Do. 11¼pc 9/4/84	99⅞	......	11.26	11.52

FOREIGN BONDS & RAILS

1983 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
12	8	Chinese 4½pc 1898	11	......	—	—
11	10	Do. 5pc 1912	10	......	—	—
11	8	Do. 5pc 1913	8	......	—	—
8	5½	Do. 5pc '25 Boxer	6½	......	—	—
47	40	Greek 7pc Ass.	46xd	......	3½	7.61
45	41	Do. 6pc 28 Stb. Ass.	44	......	3	6.68
44	38	Do 4pc Mixed Ass.	42	......	2	4.57
34	27	Hung. '24 Ass.	32xd	......	2¼	8.79
[illegible]						

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
492	344	Initial	492	+4	12.75	2.2	3.7	14.7
73	27	Inter-City 20p	71	+1	—	—	—	—
183	158	[illegible]	183		u4.0	1.8	3.2	25.4
208	165	Jacksons Bourne	200		5.0	♦	3.6	♦
37	19	James Inds. 10p	34½	+1½	1.25	1.5	5.2	18.9
160	99	[illegible]	124		Q80c	2.1	6.2	19.8
39	18	Jenks & Cattell	38		1.06	8.5	4.0	(3.4)
348	282	Johnson Clnrs.	321	–1	10.8	2.8	4.8	9.0
340	265	Johnson Mthy. £1	293	+6	10.0	2.0	4.9	(12.2)
385	228	Johnston Grp. 10p	380	–2	6.0	5.0	2.3	12.7
102	87	Jourdan (T.) 10p	100xd		5.6	1.2	8.0	13.8
64	39	Kalamazoo 10p	63		2.5	8.9	5.7	28.2
210	140	Kelsey Inds.	188		8.0	1.7	6.1	12.9
155	110	Kershaw (A.) 5p	140		‡15.0	0.6		(38.5)
56	39	Kleen-E-Ze Hldgs.	56		3.0	♦	7.7	♦
89	52	L.C.P. Hlds.	88	+2	3.6	1.2	5.8	(19.0)
145	103	L.R.C. Int. 10p	135xd	+1	3.25	♦	3.4	♦
32	17	Lampa Hldgs. 10p	28		1.3	1.8	6.6	11.0
40	26	Lawtex	37		—	—	—	—
430	345	Lee Group 10p	430	+5	17.5	0.3	5.8	(78.6)
36	22	Lilleshall 10p	34	+1	d1.0	—	4.2	—
350	62½	Lon. & Liv. 10p	70	–1	b2.75	3.5	5.6	6.3
140	102	London & Midl'd	132	–1	7.75	♦	8.8	♦
110½	38	Lon. & Nthn. Grp.	99		F4.2	♦	6.1	14.0
40	23	Lon. Pri. Health	31		—	—	—	15.5
9½	7½	Long Hmbly. 10p	9½		—	—	—	—
65	46	Longton Inds.	53	+1	1.0	—	2.7	—
120	70	Low & Bonar 50p	112	+6	5.0	0.6	6.4	(41.2)
26	16	M.Y. Dart. 10p	20		0.1	—	0.7	—
212	135	M'c'rthy Ph. 20p	164		7.0	♦	6.3	♦
148	122	Macfarlane Gp.	146		3.52	2.1	3.4	17.9
46	34	Macellan 20p	38		d1.5	1.6	6.3	12.2
63	48	Macpherson (D.)	62½		4.2	0.6	9.6	(34.9)
55	41	Magnolia Group	54		2.3	3.2	6.1	6.3

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

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SHOES AND LEATHER

SOUTH AFRICANS

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TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

PROPERTY

INSURANCE

LEISURE

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh.50c	220		Q70c	4.2	24.9
22	16	Wankie Col. Z$1	21		Q5c	0.7	14.0
28	18	Zam.Cpr.SBD0.24	20		—	—	—

Australians

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	17½	–½	—	—	—
25	11	Balmoral Resources	16½	–1	—	—	—
60	37	♥Black Hill Mins.	47	–2	—	—	—
57	51	♥Bond Corp.	57		q010c	2.3	10.8
183	116	♥Bougainville 1 Kina	178	+2	Q3.42c	1.2	1.2
360	204	♥CRA 50c	345	–5	103c	—	0.5
145	60	♥Carr Boyd 20c	83	–2	—	—	—
43	18	♥Central Pacific	32	–2	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 41

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

COMMODITIES AND AGRICULTURE

Crop fears raise grain and soyabean prices

BY JOHN EDWARDS, COMMODITIES EDITOR

GRAIN and soyabean prices jumped sharply yesterday following forecasts of a sharp decline in U.S. crops this year as a result of drought.

On Friday evening, Mr Conrad Leslie, Chicago-based grain crop forecaster, predicted that U.S. maize (corn) production would fall to 5,308m bushels (135m tonnes) this year compared with last season's record 8,397m bushels (213m tonnes).

In July, Mr Leslie forecast the maize crop at just over 6bn bushels. But since then the expected yield has dropped sharply because of searing temperatures and below normal moisture in many maize growing areas, leaving the crop "in very serious trouble."

Soyabean yields are also expected to drop sharply for much the same reasons. Projected soyabean production this year is put at 1,791m bushels (48.7m tonnes) against last year's record 2,277m and a July estimate of 2,009m.

Winter wheat output is put at 1,966m bushels (53.5m tonnes) only marginally down on last year's peak figure of 2,108m.

Much of the wheat crop has already been harvested and it was not so affected by the recent dry conditions. Plantings also went in before details of the payment-in-kind reduction programme was anounced.

World wheat production, *boosted by a bigger Soviet crop,* is expected to equal last year's record 484m tonnes according to the latest forecast from the International Wheat Council.

However, world coarse grains output, even before the latest damage to the U.S. crop, was forecast to decline by 44m to 740m tonnes in the current—July 1983 to June 1984—season.

Prices in Chicago have already surged earlier this month to the highest level for two years reflecting the anticipated U.S. shortfalls.

A further upward impetus to soyabean, meal and oil prices was given by Friday's announcement that the Soviet Union had bought 175,000 tonnes of U.S. soyabeans for delivery during the 1983-84 season.

The U.S. Department of Agriculture said the purchase, the first of soyabeans by the Russians for several months, would be counted as part of 500,000 tonnes of soyabeans or meal allowed for under the recent new five-year grains *agreement recently concluded* between the U.S. and the Soviet Union.

The agreement, which replaces the current pact expiring on September 30, commits the Russians to buying a minimum of 9m tonnes of grain (divided between wheat and maize). But there is also a provision that if the Russians buy 500,000 tonnes of soyabeans this will count as the equivalent of 1m tonnes of grain.

On the London soyabean meal futures market yesterday morning, prices moved to the permissible limit of £5 a tonne on the sterling contract and $10 on dollar contract (which started trading on July 4).

The December position on *the sterling contract* eventually closed £7.10 up on Friday at £184.25 a tonne. On the London soyaoil market, the October contract closed $18 higher at $595 a tonne.

In early trading on the Chicago Board of Trade soyabean, meal and oil prices rose to new contract highs, but soyabean values fell back in later trading.

EEC sugar production decline expected

By John Edwards

FIRST RESULTS from beet tests, issued yesterday, confirmed that EEC sugar production is likely to be well *down this year.*

West German tests showed the average beet weight at 355 grammes, against 501 last year, but sugar content was only marginally lower at 13.5 per cent against 13.6 per cent a year ago.

The first Dutch test put average sugar weight per hectare at *2.22 tonnes com*pared with 4.77 tonnes at the same time in 1982. Average beet weight was 20.9 (34.8) tonnes per hectare and sugar content 10.4 (13.7) per cent.

Unofficial tests by French producer, Sucre Union, showed sugar content at 12.19 per cent against 13.89 per cent in last year's first tests.

There was little reaction on the London sugar futures markets since the results of the tests were much in line with expectations.

OWING to pressure on space, the Financial Times regrets that *it is unable at this stage* to give details of the raw sugar and white sugar dollar contracts, which started trading in London rectntly. It is hoped to include these details shortly.

Prices were boosted initially by reports that Sudan and Yemen will be buying this week and unconfirmed rumours that the Philippines were seeking delays in contracted shipments for delivery in November - December because of a shortage of available supplies.

However, the easier trend in gold, following the rise in *U.S. interest* rates, was a depressing influence in afternoon trading.

IPE to introduce crude oil futures

FUTURES trading in crude oil will be introduced by London's International Petroleum Exchange in November. Brent Blend has been selected as the marker crude but North Sea, Nigerian, Algerian and Tunisian sweet crudes will also be deliverable with fixed price differentials against Brent Blend.

The contract will be in lots of 1,000 U.S. barrels priced in dollars with physical delivery at Rotterdam/Amsterdam as the base case. Initially, the delivery month and six consecutive months will be traded. Current value per lot is around $30,000.

The International Petroleum Exchange *has moved to Dunster House,* 21 Mark Lane, London EC3. Crude oil futures, gas oil and heating and general purpose refined oil will be traded from the three trading rings.

● **AGRICULTURAL** land prices in England have reached a record £4,730 per hectare, £330 higher than a year ago.

● **TATA TEA** of India has signed a contract to sell 3m kilos of tea to Iran. The first 2.5m kilos will be shipped this year and the remainder in first quarter 1984.

● **MORE THAN** 300,000 pigs from 350 herds have been slaughtered so far this year as part of the Government campaign to wipe out Aujeszky's disease, pig herpes. Compensation so far has reached about £17m.

● **EGG PRICES** are expected to rise by up to 5p a dozen this week, according to Goldenlay, Britain's largest egg farmer cooperative.

● **THE EEC** ended its anti-dumping review about imports of urea ammonium nitrate solution fertiliser originating in the U.S. after Agrico Chemical agreed to raise its price.

● **SRI LANKA'S** tea production has been hit by drought but the ethnic unrest on the island has had only a minor effect on tea estates and plantations.

● **INDONESIA** has banned copra and coconut oil exports indefinitely to stabilise domestic cooking oil prices and to secure regular local supplies.

● **MILK OUTPUT** in England and Wales continues to increase, despite massive overproduction throughout the Common Market.

● **THE MARKET** indicator used to quote the overall level of Australian wool prices will be raised to 470 cents a kilo clean for the 1983-84 season. The 10-cent rise follows a revision of the composition of the indicator.

● **VOLUME** on the Chicago Board of Trade in July for all futures contracts set an industry-wide monthly volume record of 5,714,583 contracts, surpassing the December 1980 high of 5,188,363. In London, the ICCH reported a total of 362,336 *lots registered,* compared with 276,434 the previous July. Main growth area was cocoa, with 114,559 lots registered, up from 44,648 a year earlier.

● **THE** MidAmerica Commodity Exchange (Midam) and the New Orleans Commodity Exchange *(Noce) announced a joint pro*posal to trade the suspended Noce rough rice contract on the Midam trading floor. The agreement requires CFTC approval.

● **THE EEC** has protested to the General Agreement on Tariffs and Trade (Gatt) about the sale of 28,000 tonnes of U.S. butter and cheese to Egypt. It has sought a meeting of Gatt's dairy council before the end of September.

● **THE** International Coffee Organisation executive board has postponed decisions on any major issues until its September meeting, when it will set the price range and global quota for the first year of the new international coffee agreement.

Gold and silver falls depress metals

BY OUR COMMODITIES EDITOR

THE DECLINE in gold and silver, reacting to news of higher U.S. interest rates, was a generally depressing influence over the London metal markets yesterday. So was a rally in the value of sterling, which initially opened on an easier note.

However, as is normal at this time of the year, trading activity was subdued, reflecting the generally quiet conditions in industry and no real speculative interest.

On the London Metal Exchange, higher grade cash copper closed £10.5 lower at £1,107.5 a tonne—some £45 below the year's peak reached in mid-May.

Stocks of copper in the London Metal Exchange warehouses rose last week by 10,075 tonnes to a total of 273,875 tonnes. Stocks appear to be building up again, after the sharp decline from *total holdings of 345,825 tonnes* in mid-June.

It is claimed that the Chinese are reselling forward purchases made some months ago and have only taken actual delivery of around 100,000 tonnes.

Although there are favourable signs of an improvement in the American economy, and several U.S. copper plants — Phelps Dodge, Anamax and Copper Range—are hit by strikes, U.S. copper producers have recently been forced to rescind earlier domestic price rises and are back down to 79 cents a pound.

Aluminium prices defied the easier trend yesterday and closed at record levels—cash aluminium was £3 higher at £1,056 a tonne.

The high levels have been sustained in spite of several producers announcing output increases and increases in LME warehouse stocks — up by a further 775 tonnes to a total of 271,775 tonnes last week, close to the peak total of 278,025 tonnes reached in mid-June.

Lead stocks rose to a record level last week, increasing by 2,875 to 202,700 tonnes. Lead, however, has been boosted recently by a rise in U.S. domestic prices.

Zinc has been an even stronger market recently. A rise in U.S. domestic prices encouraged another increase in the European zinc producer quotation from $780 to $820 a tonne. Preussag, the West German smelter, yesterday confirmed it was raising its price to $820, in spite of earlier doubts that the higher level could be sustained. Metallgesellschaft, however, has made no decision yet to go to $820.

A rise in warehouse stocks, up by 1,550 to 103,800 tonnes, and the trend in copper, pushed LME zinc values down yesterday. Cash zinc closed £5.5 lower at £515 a tonne. The year's high reached on Friday at £520.5 was more than £70 up compared with the beginning of June.

Nickel stocks reached a new peak—rising by 66 to 21,384 tonnes—and LME silver holdings also increased by 70,000 to 36,090,000 ounces.

Tin stocks dropped by 335 to 44,875 tonnes. Constant support buying by the buffer stock of the International Tin Council has been needed to sustain prices both in London and Penang.

Agrochemicals body sought

BRITAIN'S farmworkers yesterday demanded the setting up of an official body to control the distribution of agrochemicals because of the increased imports of products which have received no Government safety clearance.

The TGWU, the BAA and the National Farmers' Union are all now pressing the Government "to put more teeth into UK chemical safety regulations," said the TGWU.

Potato futures surge ahead

By Our Commodities Staff

POTATO futures moved ahead sharply yesterday, with the April position closing at £239.9 a tonne, compared with the previous close of £228.75. Prices at the end of May were below £150.

Brokers expect prices to stay strong for the next two or three weeks, possibly rising to £250-£300 a tonne. However, they do not expect to see a repetition of the 1976 season when prices rose to £340 a tonne.

The current price rise is attributed to a variety of factors: continuing weather problems for farmers, delayed plantings in Holland, crop *problems in West Germany* and Northern France, and a predicted British shortfall of 1m tonnes.

The very wet weather throughout Europe early this year reduced growing time. The subsequent drought left plants under stress, causing some double growth and greening of potatoes. In some areas, farmers have had to burn off their crops.

PRICE CHANGES

In tonnes unless stated otherwise	Aug. 1983	+ or —	Month ago
Metals			
Aluminium	£950	......	£950
Free Mkt.	$1565/1585	+20	$1505/535
Copper			
Cash h grade	£1107.5	—10.5	£1127
3 mths	£1135.25	—7	£1134.25
Cash Cathode	£1072.5	—8.5	£1084.5
3 months	£1102	—7	£1102
Gold troy oz	$408.625	—0.5	$429.5
Lead Cash	£257.5	—1.5	£264.25
3 months	£277.25	—1	£275.625
Nickel	£4625.93	......	£4720.78
Free mkt.	215/235c	—3	215/235c
Palladium	$141.75	—2.25	$145.50
Platinum	£285.75	—6.30	£285.40
Quicksilver†	$280/290	......	$280/290
Silver troy oz	779.70p	—3.05	786.85p
3 mths	797.90p	—3.05	805.65p
Tin cash	£8647.5	—5	£8777.5
3 month	£8742.5	—13.5	£8716
Tungsten	$82.73	......	$86.58
Wolfam 22.04 lb	$74/77	—1.5	$80/82
Zinc Cash	£515	—5.5	£471.75
3 mths	£530.25	—5.25	£485.875
Producers	$820	......	$750

	Aug. 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$1025y	+20	$710
Groundnut	$900y	+30	$575
Linseed Crude	£400	......	£340
Palm Malayan	$520v	+15	$402.5
Seeds			
Copra Phil	$660x	+5	$450
Soyabean (U.S.)	$323.70	+13.7	$254.25
Grains			
Barley Fut. Nov	£116.85	—0.50	£113.30
Maize	£142.00	......	£146.00
Wheat Fut. Nov	£122.70	+0.25	£118.75
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1677	—1	£1522
Fut. Dec	£1621.5	—1	£1471
Coffee Ft. Nov	£1699.5	—11	£1620.5
Cotton A. Index	90.05c	—0.1	88.55c
Gas Oil Sept	$259	—0.75	$248
Rubber (kilo)	79p	—2.5	79.5p
Sugar (Raw)	£186z	+5	£165
Woolt'ps 64z.	395p kilo	+5	394p kilo

‡ Unquoted. z Aug-Sept. y Sept-Oct. x Oct-Nov. w Sept. v Oct. † Per 76lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	29.05	+0.03
Iranian Light	28.20-28.25	—
Arabian Heavy	26.65-26.75	—
North Sea (Forties)	31.00-31.25	—0.05
North Sea (Brent)	31.35-31.40	+0.07
African (Bonny L'ght)	31.30	—
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	309-310	—
Gas oil	253-254	—
Heavy fuel oil	173-175	—

GAS OIL FUTURES

After opening a shade lower the market drifted in very lacklustre trading, gaining no direction from the physical market or New York, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Aug	254.50	—0.25	254.50-53.50
Sept	259.00	—0.75	258.00-58.00
Oct	263.75	—0.75	264.50-63.50
Nov	266.75	—1.25	267.50-66.50
Dec	269.50	—1.50	270.75-69.50
Jan	270.50	—0.75	270.50
Feb	267.00	—2.25	—
Mar	262.25	—1.75	262.25
Apr	260.00	—3.00	—

Turnover: 854 lots of 100 tonnes.

GOLD MARKETS

Gold fell $2½ to $408½-409 on the London bullion market yesterday, but showed little reaction to the further advance by the dollar. The metal opened at $409½-410, and was fixed at $410½ in the morning and $408½ in the afternoon. It touched a peak of $411-411½, and a low of $405½-$406½.

In Paris the 12½-kilo gold bar was fixed at FFr 107,400 per kilo ($411.48 per ounce) in the afternoon, compared with $107,200 ($410.90) in the morning, and FFr 106,350 ($408.76) Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 35,745 per kilo ($412.01 per ounce), against DM 35,325 ($409.02) previously, and closed at $407-407½.

In Zurich gold finished at $406-$409.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
August	408.00-10.0	-2.500	—
Sept	411.00-13.0	-2.500	—
Oct	414.50-15.2	-3.800	416.80-15.0
Nov	417.50-18.5	-3.500	—
Dec	422.30-23.0	-3.500	424.60-19.5
Jan	425.00-28.5	-3.500	—
Feb	429.50-30.5	-3.000	431.90

Turnover: 338 (436) lots of 100 troy ounces.

	Aug 8		Aug 5	
Gold Bullion (fine ounce)				
Close	$408¼-409	(£274-274½)	$410¾-411½	(£276½-277)
Opening	$409¼-410	(£277¼-277¾)	$409¾-410½	(£277½-278)
Morning fixing	$410.50	(£276.804)	$409	(£276.652)
Afternoon fixing	$408.50	(£274.955)	$409.75	(£277.216)

Gold Coins Aug 8					
Krugrnd	$421½-422¼	(£282¾-233½)	King Sov	$99-100½	(£66½-67½)
½ Krg	$217-218	(£145½-146¼)	Victoria Sov	$99-100½	(£66½-67½)
¼ Krg	$110½-111½	(£74¼-74¾)	French 20s	$84-85¾	(£56¼-57½)
1/10 Krug	$45-46	(£30¼-30¾)	50 pesos Mex	$500-502	(£335½-337)
Mapleleaf	$421-422	(£282½-283¼)	100 Cor. Aust	$398-403	(£267-270½)
New Sov	$96½-97	(£64¾-65)	$20 Eagles	$580-590	(£389¼-396)
½ New Sov.	$57-59	(£38¼-9½)			

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES lost ground on the London Metal Exchange following the rise in American prime rates which led to a downturn in precious metal prices. A strong rally by sterling against the dollar was another depressing influence. Copper traded ...

Nickel—Morning: Three months £3,300, 3,295, 90, 85, 80, 85. Kerb: Three months £3,285. Afternoon: Three months £3,280, 85, 80, 78. Kerb: Three months £3,280, 75. Turnover 1,392 tonnes.

SILVER

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

POTATOES

A strong Dutch market brought keen buying into the market on the opening triggering some stop-loss levels to add to the rise. Afternoon trade was further encouraged by higher Dutch values with prices reaching new levels before easing back on profit-taking.

RUBBER

SOYABEAN MEAL

SUGAR

COCOA

COFFEE

GRAINS

COTTON

LIVERPOOL—Spot and shipment sales amounted to 40 tonnes. Few contracts were fixed up, but demand was by no means insignificant. Various African growths were sought, as were Russian and North American styles. Activity in Indian qualities attracted some attention.

MEAT/FISH

WOOL FUTURES

EUROPEAN MARKETS

AMERICAN MARKETS

NEW YORK, August 8.

Precious metals reacted quickly to the higher interest rates and sold off *sharply early; a late rally was mostly* due to profit-taking rather than bottoming-out. Copper came under heavy liquidation on fears of further increases in interest rates and a slow down in the economic recovery. Sugar rallied on bullish beet tests in Europe ...

CHICAGO

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
Sept	376.6	383.0	376.0	378.2
Dec	394.4	400.4	393.6	397.0
March	402.0	409.0	401.4	404.6
May	400.2	405.0	399.0	401.6
July	382.0	388.0	379.8	383.6
Sept	389.4	391.0	389.0	392.0

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Sept	2140	2205	2140	2196
Dec	2210	2268	2210	2256
March	2230	2265	2228	2254
May	2236	2240	2230	2250
July	2230	—	—	2248
Sept	2240	2270	2240	2250
Dec	2265	2265	2265	2250

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	427.0	—	—	441.4
Oct	431.0	442.0	430.0	445.4
Jan	438.5	449.5	438.5	452.4
April	446.0	455.5	444.0	459.4
July	454.5	465.0	460.0	467.4
Aug	424.0	433.0	433.0	438.4

SILVER 5,000 troy oz; cents/troy oz

	Close	High	Low	Prev
August	1162.2	1160.0	1158.0	1172.7
Sept	1168.0	1175.0	1147.0	1180.0
Oct	1179.9	—	—	1191.0
Dec	1201.0	1215.0	1179.0	1212.3
Jan	1211.9	1213.0	—	1223.3
March	1233.7	1238.0	1210.0	1245.3
May	1255.5	1257.5	1235.0	1267.3
July	1277.3	1282.0	1265.0	1289.3
Sept	1299.1	1305.0	1280.0	1311.3
Dec	1331.8	1325.0	1310.0	1344.3

SUGAR WORLD "11" 112,000 lb; cents/lb

	Close	High	Low	Prev
Sept	11.64	11.65	11.32	11.58
Oct	12.12	12.18T	11.67	11.88
Jan	12.60	12.60	12.19	12.40
March	3.14	13.15	12.71	12.89
May	13.31	13.33	12.97	13.08
July	13.53	13.54	13.25	13.29
Sept	13.72	13.70	13.70	13.45
Oct	13.95	13.95	13.60	13.89

First chief named for waste watchdog

MR DAVID MILLS, an industrial chemist and process engineer, has been appointed the first Chief Inspector of Hazardous Wastes.

The Environment Department said yesterday that he would head a new inspectorate aimed at encouraging high and consistent standards of waste management. It would advise local authorities and private companies.

The organisation has been set up following recommendations from a Select Committee

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Money supply boosts dollar to new peaks

Another large rise in U.S. M1 money supply announced Friday pushed the dollar to record levels on the foreign exchanges yesterday. This was followed by confirmation of the upward trend in U.S. interest rates, when many major banks increased their prime lending rates.

DOLLAR — Trade-weighted index (Bank of England) 129.4 against 120.1 six months ago. The dollar has climbed steadily to new records day by day on increasing fears of higher interest rates as a result of further alarming growth in U.S. M1 money supply. This has now produced higher bank prime lending rates.

The dollar touched a 9½ year high of DM 2.7030 before closing at DM 2.6965, compared with DM 2.6825 on Friday. It also rose to the highest level for about eight months against the Swiss franc and Japanese yen at SwFr 2.1855 and Y245.35, and closed at SwFr 2.1810 compared with SwFr 2.1710, and Y244.30, against Y244. The U.S. currency was at a record FFr 8.1250 at one time, and finished at FFr 8.1150, compared with FFr 8.08.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. April average 1.5278. Trade-weighted index 84.5 against 84.4 at noon, 83.9 at the opening, 84.3 at Friday's close, and 81.2 six months ago. The pound was holding up quite well against the strong dollar, and gaining ground against Continental currencies, until recently when the contrast between central bank activities on the exchanges and the lack of intervention by the Bank of England, encouraged speculators to buy dollars against sterling.

The pound was the only major currency to improve against the dollar yesterday. It traded within a range of $1.4720 to $1.4920, and closed at $1.4900-1.4910, a rise of 50 points on the day. Sterling also rose against Continental currencies, to DM4.02 from DM 3.9875; FFr 12.0950 from FFr 12.00 and SwFr 3.2525 from SwFr 3.2275, and improved to Y364.50 from Y362.50 against the Japanese yen.

D-MARK — Trading range against the dollar in 1983 is 2.6965 to 2.3320. July average 2.5895. Trade-weighted index 125.0 against 127.7 six months ago. The Bundesbank has intervened to support the D-mark recently in a concerted effort with other central banks to combat the growing strength of the dollar, which has been at its highest level for several years against the German currency, largely reflecting the large differential between U.S. and German interest rates.

The D-mark improved against most European currencies at the Frankfurt fixing, but lost ground to the dollar, sterling, and the Japanese yen. The dollar was fixed at DM 2.6994, the highest level since February 15, 1974, and compared with DM 2.6875 on Friday. The Bundesbank sold $76.2m at the fixing, but was not seen intervening in the free market during the morning. The recent sharp fall of the D-mark against the dollar has prompted suggestions that the central bank may be forced to raise key German lending rates at Thursday's council meeting.

JAPANESE YEN — Trading range against the dollar in 1983 is 244.30 to 226.80. July average 240.47. Trade-weighted index 147.5 against 144.9 six months ago. The yen, while remaining quite strong against most currencies has been dragged down by the strong move into the dollar, as continuing above target U.S. M1 money supply figures concentrate attention on the threat of higher New York interest rates. The Bank of Japan has been one of the active central banks involved in trying to stem the dollar's advance.

The yen lost ground to the dollar in light Tokyo trading, with the U.S. closing at Y244.55, after opening at the day's low of Y244.30. It touched a peak of Y244.85, the highest level for about eight months, but any further advance was prevented by intervention from the Bank of Japan.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.6677	+1.71	+1.03	±1.5447
Danish Krone ...	8.14104	8.19434	+0.65	−0.03	±1.6425
German D-Mark	2.24184	2.27895	+1.66	+0.98	±1.0642
French Franc ...	6.87456	6.85671	−0.26	−0.94	±1.4052
Dutch Guilder ...	2.52595	2.54786	+0.86	+0.18	±1.4964
Irish Punt	0.72568	0.721724	−0.55	−1.23	±1.6689
Italian Lira	1403.49	1349.88	−3.82	−3.82	±4.1506

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Aug. 8	£	$		£ Note Rates
Argentina Peso..	415.20-15.27	10,236-10,256	Austria	27.95-28.25
Australia Dollar..	1.7030-1.7050	1.1430-1.1435	Belgium	79.85-80.65
Brazil Cruzeiro...	925.91-931.17	622.88-625.99	Denmark	14.30-14.44
Finland Markka..	8.5340-8.5530	5.7330-5.7350	France	11.98-12.10
Greek Drachma..	127.633-130.871	87.80-88.10	Germany	3.98-4.02
Hong Kong Dollar	11.13¼-11.15¼	7.4900-7.4950	Italy	2330-2380
Iran Rial	130.10*	87.95*	Japan	362-367
Kuwait Dinar (KD)	0.4355-0.4365	0.2932-0.2933	Netherlands	4.45-4.49
Luxembourg Fr..	80.50-80.60	54.04-54.06	Norway	11.09-11.19
Malaysia Dollar..	3.5060-3.5150	2.3575-2.3595	Portugal	178-188
New Zealand Dlr.	2.2935-2.2966	1.5395-1.5420	Spain	215¼-228¼
Saudi Arab. Riyal	5.1530-5.1585	3.4690-3.4700	Sweden	11.65-11.75
Singapore Dollar	3.1923-3.2025	2.1480-2.1500	Switzerland	3.22-3.27
Sth. African Rand	1.6550-1.6565	1.1105-1.1115	United States	1.47½-1.49½
U.A.E. Dirham	5.4645-5.4600	3.6720-3.6730	Yugoslavia	151-167

*Selling rates.

CURRENCY MOVEMENTS

Aug. 8	Bank of England Index	Morgan Guaranty Change %
Sterling	84.5	−36.7
U.S. dollar	129.4	+16.4
Canadian dollar	92.6	−16.9
Austrian schilling	115.9	+28.4
Belgian franc	91.2	−5.6
Danish kroner	79.4	−13.9
Deutsche mark	125.0	+54.2
Swiss franc	150.6	+110.7
Guilder	115.2	+26.0
French franc	67.5	−24.8
Lira	50.5	−59.8
Yen	147.5	+39.6

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average).

CURRENCY RATES

AUG. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.705622	0.568255
U.S. $	8½	1.04559	0.844995
Canadian $	9.57	*	1.04441
Austria Sch	3¾	19.8358	15.0811
Belgian F	9	56.5089	45.6677
Danish Kr	7½	10.1422	8.19434
D mark	4	2.82847	2.27895
Guilder	4½	3.15455	2.54765
French F	9½	8.48810	6.85671

THE POUND SPOT AND FORWARD

Aug 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4720-1.4920	1.4900-1.4910	0.10-0.15c dis	−1.01	0.33-0.38dis	−0.95
Canada	1.8220-1.8445	1.8420-1.8430	0.02c pm-0.06dis	−0.19	0.05 pm-0.05dis	—
Nethlnd.	4.45-4.50	4.49-4.50	1½-1c pm	3.34	4¼-3¾ pm	3.56
Belgium	79.70-80.65	80.50-80.60	15-5c pm	1.49	25-15 pm	0.99
Denmark	14.32-14.47	14.44½-14.45½	⅞ore pm-⅛ dis	0.31	1⅞-1⅜ pm	0.41
Ireland	1.2580-1.2725	1.2705-1.2715	0.29-0.32p dis	−2.88	0.67-0.74dis	−2.22
W. Ger.	3.98-4.02½	4.01½-4.02½	1⅝-1⅜pf pm	4.10	4⅝-3⅞ pm	3.98
Portugal	181.50-184.25	183.50-184.00	330-430c dis	−24.82	435-985dis	−15.24
Spain	225.50-227.75	227.30-227.50	310-465c dis	−20.45	1180-1490dis	−23.48
Italy	2,358-2,384	2,381-2,383	14¾-16¾lire dis	−7.88	45-49 dis	−7.89
Norway	11.10-11.22	11.19½-11.20½	3¾-4¾ore dis	−4.22	8¾-9¾ dis	−3.28
France	11.98-12.10½	12.09-12.10	4¼-5¾c dis	−4.71	18¼-18¾ dis	−5.70
Sweden	11.67-11.78½	11.77-11.78	1⅛-1⅞ore dis	−1.66	2⅞-3½ dis	−1.08
Japan	381-365	364-365	1.00-0.90y pm	2.96	2.95-2.75 pm	3.13
Austria	27.97-28.32	28.25-28.30	10½-8⅞gro pm	3.13	30½-25½ pm	3.05
Switz.	3.21½-3.26	3.24¾-3.25¾	1½-1c pm	4.61	4⅛-3⅝ pm	4.76

Belgian rate is for convertible francs. Financial franc 80.65-80.75. Six-month forward dollar 0.60-0.65c dis. 12-month 0.95-1.05c dis.

THE DOLLAR SPOT AND FORWARD

Aug 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4720-1.4920	1.4900-1.4910	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	1.1695-1.1715	1.1705-1.1715	[illegible]	[illegible]	[illegible]	[illegible]
Canada	1.2358-1.2370	1.2365-1.2370	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	3.0125-3.0180	3.0125-3.0145	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	54.00-54.10	54.04-54.06	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	9.6950-9.7060	9.6975-9.7025	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	2.6925-2.7030	2.6960-2.6970	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	122.50-123.50	123.20-123.50	[illegible]	[illegible]	[illegible]	[illegible]
Spain	152.40-152.65	152.50-152.65	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.10-54.20.

EXCHANGE CROSS RATES

Aug. 8	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.491	4.020	364.5	12.095	3.253	4.495	2382.	1.843	80.55
U.S. Dollar	0.671	1.	2.697	244.5	8.115	2.182	3.016	1598.	1.236	54.04
Deutschmark	0.249	0.371	1.	90.67	3.009	0.809	1.118	592.5	0.458	20.04
Japanese Yen 1,000	2.743	4.089	11.03	1000.	33.18	8.923	12.33	6535.	5.055	221.0
French Franc 10	0.827	1.232	3.324	301.4	10.	2.689	3.716	1969.	1.523	65.60
Swiss Franc	0.307	0.458	1.236	112.1	3.719	1.	1.382	732.4	0.566	24.77
Dutch Guilder	0.222	0.332	0.894	81.09	2.691	0.724	1.	529.9	0.410	17.92
Italian Lira 1,000	0.420	0.626	1.688	153.0	5.078	1.365	1.887	1000.	0.774	33.82
Canadian Dollar	0.543	0.809	2.182	197.8	6.564	1.765	2.440	1293.	1.	43.72
Belgian Franc 100	1.241	1.850	4.991	452.5	15.02	4.038	5.580	2957.	2.287	100.

MONEY MARKETS

London rates close firm

UK clearing bank base lending rate 9½ per cent (since June 14)

Short-term interest rates finished on a firm note in the London money market yesterday when the Bank of England failed to take out the full short through bill purchases.

The authorities forecast a shortage of £400m, but gave help of only £294m. In the morning the Bank of England bought £80m bank bills in band 4 (64-84 days) at 9⅜ per cent, and in the afternoon purchased another £214m bills. These were made up of £5m Treasury bills in band 1 (up to 14 days) at 9⅞ per cent; £5m bank bills in band 1 at 9⅞ per cent; £9m bank bills in band 2 (14-33 days) at 9½ per cent; £18 bank bills in band 3 (34-63 days) at 9⅞ per cent; £9m Treasury bills in band 4 at 9⅜ per cent; £23m local authority bills in band 4 at 9⅜ per cent; and £145m bank bills in band 4 at 9⅜ per cent.

Major factors behind yesterday's shortage were bill maturing in official hands and a take-up of Friday's Treasury bill tender of £390m; Exchequer transactions of £150m; and bank balances below target of £110m. These were partly offset by a fall in the note circulation of £260m.

In New York money market rates moved higher as several major U.S. banks raised their prime rates by ½ per cent to 11 per cent. Rates were expected to increase ahead of yesterday and today's Treasury bill auction after another set of disappointing M1 money supply figures on Friday. The rise of $1.2bn was about double most market estimates, leaving the M1 figure about $3bn above the new expanded target range.

LONDON MONEY RATES

Aug. 8 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8½-14	—	—	—	8⅞-9	8½	—	—	—
2 days notice	—	—	8¾-8⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅛-9½	—	—	—	—
7 days notice	—	8¾-9	8⅞-9	—	—	9⅝	8⅝	—	—	—
One month	9 7/16-9 5/16	9 7/16-9½	9⅜	10 9¾	9⅝	10	9⅛	9 7/16	9 11/32	10 1/16
Two months	9⅝-9½	9⅝-9¾	9½	10⅛-9⅞	9⅝	10¼	9⅜	9 7/16	9 7/16	10 1/16
Three months	9⅞-9¾	9 15/16-10	9⅞	10⅝-10⅛	10	—	9⅝	9 7/16	9 7/16	10 1/16
Six months	10 3/16-10 1/16	10 3/16-10⅛	10¼	10⅛ 9⅞	10⅛	—	—	—	9⅞	10⅛
Nine months	10 5/16-10 3/16	10 5/16-10 3/16	10⅝	10⅛-10⅝	10¼	—	—	—	—	—
One year	10 7/16-10 5/16	10 11/16-10 9/16	10⅝	10¾-10½	10½	—	—	—	—	—
Two years	—	—	11⅛	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period July 6 to August 2 1983 (inclusive) 8.989 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11½ per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills [illegible] per cent; four months trade bills [illegible] per cent.

Approximate selling rate for one month Treasury bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent. Approximate selling rate for one month bank bills [illegible] per cent; two months [illegible] per cent and three months [illegible] per cent; trade bills [illegible] per cent; two months [illegible] per cent and three months [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10 per cent from August 1 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.3255 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9⅝ per cent; three-six months 10 per cent; six-12 months 10½ per cent. Under £100,000 9½ per cent from July 20. Deposits held under Series 4-5 9⅛ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 8	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9¼-9½	9-9¼	9⅜-9½	9⅞-10	10⅜-10½	10¾-10⅞
U.S. Dollar	9⅝-9⅞	9¾-10	9 15/16-10 1/16	10½-10¾	11-11¼	11 3/16-11 5/16
Can. Dollar	9½-10	9-9¼	9-9¼	9⅛-9⅜	10 1/16-10 3/16	10½-10¾
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschm'rk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belg. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asia $ (Sing.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. AUGUST 8)

3 month U.S. dollars		6 month U.S. dollars	
bid 10 9/16	offer 10 11/16	bid 11	offer 11 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½-11
Fed funds (lunch-time)	9¼
Treasury bills (13-week)	9.53
Treasury bills (26-week)	9.88

GERMANY: Lombard; Overnight rate; One month; Three months; Six months — [illegible]

FRANCE: Intervention rate; Overnight rate; One month; Three months; Six months — [illegible]

JAPAN: Discount rate; Call (unconditional); Bill discount (3-month) — [illegible]

SWITZERLAND: Discount rate; Overnight rate; One month; Three months — [illegible]

NETHERLANDS: Discount rate; Overnight rate; One month; Three months; Six months — [illegible]

$ CERTIFICATES OF DEPOSIT: One month; Three months; Six months; One year — [illegible]

LONG TERM EURO $: Two years; Three years; Four years; Five years — [illegible]

SDR LINKED DEPOSITS: One month; Three months; Six months; One year — [illegible]

ECU LINKED DEPOSITS: One month; Three months; Six months; One year — [illegible]

FINANCIAL FUTURES

Eurodollars lower but gilts firm

Eurodollar prices weakened in reaction to the increase of ½ per cent to 11 per cent in several U.S. bank prime lending rates. The move had been generally expected following a steady climb in New York wholesale money market rates recently, and another sharp increase in U.S. weekly M1 money supply on Friday. The M1 rise was not totally unexpected, but was about double most market estimates, and leaves the present figure well above the new increased target range. The September contract opened at 89.32, and touched a peak of 89.38, before falling to a low of 89.26, and closing at 89.27, compared with 89.36 on Friday.

Gilt futures prices had a firmer tone however, encouraged by slightly higher cash prices, and the good performance of sterling against Continental currencies and the strong dollar on the foreign exchanges. September opened at 101 9/32, and traded within a range of 101 11/32 to 101 9/32, before closing at 101 11/32, compared with 101 7/32 previously.

The short sterling interest rate contract was also assisted by the pound's general recovery. Prices for September delivery opened at 89.83, the lowest level of the day, and touched a best level of 89.90. Steady interest rates on the London money market, despite the upward trend in New York rates, helped the three-month contract close firm at 89.88, compared with 89.83 on Friday.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Latest	High	Low	Prev
Sept	89.27	89.38	89.26	89.36
Dec	88.77	88.91	88.77	88.88
March	88.54	88.67	88.54	88.69
June	88.34	88.46	88.34	88.47
Sept	88.23	—	—	88.41

Volume 2,637 (2,216)
Previous day's open int. 6,762 (6,898)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	68-17	69-03	68-08	69-03
Dec	67-29	68-15	67-21	68-15
March	67-14	67-31	67-08	68-01
June	67-03	67-18	66-28	67-21
Sept	66-24	67-08	66-22	67-11
Dec	66-16	66-30	66-13	67-02
March	66-09	66-11	66-06	66-27

Other London and Chicago contracts (THREE-MONTH STERLING DEPOSIT £250,000 points of 100%; 20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%; STERLING £25,000 $ per £; DEUTSCHE MARKS DM125,000 $ per DM; SWISS FRANCS SwFr 125,000 $ per SwFr; JAPANESE YEN Y12.5m $ per Y100; U.S. TREASURY BILLS (IMM) $1m points of 100%; CERT. DEPOSIT (IMM) $1m points of 100%; THREE-MONTH EURODOLLAR (IMM) $1m points of 100%; STERLING (IMM) Se per £; GNMA (CBT) 8% $100,000 32nds of 100%): [illegible]

COMPANY NOTICES

BLUE RIDGE PETROLEUM CORPORATION N.V.
U.S.$20,000,000 4% GUARANTEED CONVERTIBLE NOTES DUE 15th JULY 1986

A meeting of holders of the above-captioned Notes was held on 20th May 1983 at 150 Leadenhall Street, London EC3, at which the following resolutions were passed.

1. That the Coralta Resources (1981) Oil and Gas Programme be dissolved by common agreement of the Partners.
2. That the directors of Blue Ridge Hydrocarbons Corporation N.V. and Blue Ridge Petroleum Corporation N.V. be authorised to take such additional steps as they deem necessary to enhance the value of the convertibility feature of the Notes.

By Order
EUROPEAN AMERICAN BANK AND TRUST COMPANY
Fiscal Agent

REPUBLIC OF INDONESIA
US$200,000,000
Floating Rate Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 31st May, 1983 to 30th November, 1983 has been fixed at 9.875 per cent per annum.

On 30th November, 1983 interest of US$501.98 per US$10,000 nominal amount of the Notes, and interest of US$12,549.48 per US$250,000 nominal amount of the Notes, will be due against interest Coupon No. 3.

Swiss Bank Corporation
International Limited
Reference Agent

THE BRAZIL FUND S.A.
Sociedade de Investimento D.L. No. 1401
Bearer Depositary Receipts "BDRs"
issued by European Overseas Issuing Corporation S.A.

DIVIDEND COUPON NO.15

Coupon No. 15 will be payable from June 10, 1983 at:
—The Chase Manhattan Bank (N.A.) Woolgate House, Coleman Street, London EC2P 2HD
—European Overseas Issuing Corporation 11 boulevard Grande-Duchesse Charlotte, Luxembourg.

1. November 1975 Issue
US$166.01 per 1,000 Depositary Shares and US$1,660.10 per 10,000 Depositary Shares, less any additional withholding tax that may be deductible. This amount represents the dividend of Cr.58.772 per share, less Brazilian withholding tax of 10% and the Depositary's commission of 1%.
2. July 1977 Issue
US$158.68 per 1,000 Depositary Shares and US$1,586.80 per 10,000 Depositary Shares, less any additional withholding tax that may be deductible. This amount represents the dividend of Cr$8.772 per share, less Brazilian withholding tax of 15% and the Depositary's commission of 1%.

The date of issue is printed in the upper left corner of the BDR coupons.
August 9, 1983.

FIVE ARROWS LIMITED
(formerly L.E.T. Holdings Limited)

A Dividend has been declared of 2.5p per share payable to the holders of Ordinary Shares registered 7th June, 1983 and to holders of Coupon No. 11 attached to Ordinary Share Warrants to Bearer. The dividend will be paid on 10th June, 1983. Coupons must be lodged with Charter Consolidated Limited, Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ, where listing forms can be obtained.

By Order of the Board of Directors
D. J. PHILLIPS, Secretary
St. Martins House,
16 St. Martin's-le-Grand,
London EC1A 4EP.

THE COMMERCIAL BANK OF THE NEAR EAST PLC

Holders of Share Warrants to Bearer are informed that they will receive payment of the dividend for 1982 of 30p per share on and after the 3rd June, 1983, on surrender of Coupon 54 at the office of the Bank, Bankside House, 107-112 Leadenhall Street, London EC3A 4AE. Coupons must be left three clear days for examination.

N. M. PEGGIE
Secretary
Bankside House,
107-112, Leadenhall Street,
London EC3A 4AE.

U.S.$50,000,000
WEYERHAEUSER CAPITAL CORP. N.V.
10½% GUARANTEED NOTES DUE 1990

NOTICE IS HEREBY GIVEN that Banque Bruxelles Lambert, 2 Rue de la Regence, Bruxelles 1000, Belgium has been duly appointed an additional paying agent as to Bearer Notes for the above-referenced issue.

SAVE & PROSPER FINANCIAL SECURITIES FUND

Coupon 124 falls due for payment on 15th July 1983 at a rate of 1.45p per Financial Securities Fund Unit. Coupons should be presented to the Royal Bank of Scotland PLC, Lombard Street Office, P.O. Box 412, 24 Lombard Street, London EC3P 3DE, from whom listing forms can be obtained. Coupons must be lodged by an authorised depositary and left three days for examination.

PUBLIC NOTICES

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION
PLEASURAMA PLC/TRIDENT TELEVISION PLC
GRAND METROPOLITAN PLC/TRIDENT TELEVISION PLC

On 19 May 1983 Lord Cockfield, Secretary of State for Trade referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the Fair Trading Act 1973 the proposed acquisition of Trident Television PLC by Pleasurama PLC, and the consequent merger between Grand Metropolitan PLC and Trident Television PLC. The Commission is required to make its report by 18 November 1983.

Any person or organisation wishing to give information or views on the proposed acquisition should write as soon as possible to:

The Secretary
Monopolies & Mergers Commission
New Court, 48 Carey Street
London WC2A 2JT

ANNOUNCEMENTS

MR DONALD McLURE, Vice-Chairman, Beecham Products, has been appointed President of the Incorporated Society of British Advertisers.

LORD TRENCHARD has joined the Board of Abbey Panels Investments PLC.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on August 8, 1983. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

PLACE AND LOCAL UNIT	VALUE OF £ STERLING
[illegible]	[illegible]

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Seasoned dollar issues fall steeply

By Mary Ann Sieghart in London

PRICES in the Eurodollar bond market plunged by more than half a point yesterday on the back of the New York bond market's steep decline.

Prices of seasoned bonds drifted slowly downwards in the morning. "Then New York went through the floor so everyone got panic-stricken," observed one dealer. The new benchmark – long bond – the U.S. Treasury 12 per cent bond maturing in 2013 – fell nearly a point in the first few hours of trading and the Eurodollar market followed suit.

Because of the poor performance by the secondary market, no new dollar issues were launched, but Ni-Cal Finance's $25m convertible was priced. It has been given a coupon of 9 per cent, a half-point more than its indication.

The only healthy spot in the Eurodollar market was the floating rate sector. Malaysia's $850m floating rate note, for example, issued last week, rose to a discount of just over one point.

The D-Mark bond sector reacted to the poor performance of the New York bond market too. Prices in the secondary market fell by up to half a point in desultory trading. Dealers were particularly perturbed by rises in the U.S. prime rate.

Two pricings were announced in the Swiss foreign bond market. The SwFr 100m, eight-year issue for the Bank of Tokyo was given a 6 per cent coupon at par, as indicated, by lead-manager UBS. Credit Suisse priced its SwFr 100m convertible private placement for Sumitomo Electric at a 3½ per cent coupon, ½ point below the indication. The conversion premium is 5 per cent. Prices in the Swiss secondary market closed unchanged

Meanwhile, Bank Mees and Hope is raising Fl75m in a five-year Euroguilder private placement. The bond is being led by the bank itself and carries a coupon of 9 per cent at par.

CGE seeks FFr 800m

By Our Financial Staff

CGE, the French state utility group, plans to raise FFr 800m ($100m) through a non-voting loan stock offer in September. It will have both fixed and variable interest rates, with 60 per cent tied to the average rate for French bonds and 40 per cent indexed to group cash flow growth.

● French insurance companies raised their domestic and foreign bond holdings to FFr 151.2bn in 1982 from FFr 125.3bn in 1981. The increase pushed the bond portion of insurance companies' total investments to 50.9 per cent from 48.8 per cent in the same period a year earlier.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for August 8.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	91	91½	-0⅛	-0¾	12.21
Bank of America 8 88 XW	150	84¾	85¼	-0¼	-0½	12.44
Bank of Tokyo Hold 11 90	100	91⅞	92⅜	-0⅜	-1⅛	12.79
British Col Hyd 10¼ 88	200	94⅛	94⅝	-0⅛	-0¼	11.86
Canadair Ltd 12½ 89	175	99⅝	100⅛	-0¼	-0½	12.49
C.C.C.E. 11¾ 87	100	91⅝	92⅛	+0⅛	-0⅝	13.00
CIBC 11 90	75	92¾	93¼	-0⅛	-2⅛	12.57
Chicorp O/S 10⅞ 90	100	90	90½	-0¼	-1¼	12.58
Coca Cola Int 9⅞ 92	100	88¼	88¾	-0⅛	-0⅜	12.04
Cred Suisse BAH 10½ 90	150	95⅛	95⅝	-0⅜	-1¼	11.51
Credit Suisse 10½ 89	100	95¼	95¾	-0⅝	-1	11.51
Den Norsk Cred 11¼ 93	50	91⅜	91⅞	0	0	12.78
Du Pont 11¼ 95	150	95⅛	96⅝	-0⅛	-0¼	11.82
E.D.C. 10¾ 88	100	94⅝	95⅛	-0⅛	-0⅛	12.27
E.D.C. 11¾ 87	100	97⅜	97⅞	-0⅛	-0⅝	12.47
E.D.F. 11⅛ 93	100	89½	90	-0⅛	-0½	13.02
E.E.C. 10¾ 95	75	88	88½	-0½	-1	12.71
E.E.C. 11 87	350	96	96½	-	-	12.24
E.I.B. 10¾ 93	200	89⅛	89⅝	-0⅛	-1	12.89
E.I.B. 11 91	125	91⅜	91⅞	-0¼	-1	12.75
Electrolux 10½ 90	50	90¼	90¾	0	0	12.64
Ensearch Fin 11⅛ 93	100	93¼	93¾	-0¾	-1⅛	12.81
Fuji Int Fin 10⅞ 90	90	90⅜	90⅞	-0⅜	-0⅝	13.01
Gaz de France 12¼ 93	175	94⅞	95⅜	-0¼	-0⅞	13.14
Gen Elec Credit 9¾ 91	100	88⅜	88⅞	+0⅛	-0¾	12.04
GMAC O/S Fin 10½ 90	200	93¾	94¼	-0¼	-0¾	11.84
Honeywell Int 10¾ 90	100	94⅝	95⅛	-0¼	-0⅞	11.88
Indust Bk Japan 10⅞ 88	100	95⅛	95⅝	+0⅛	-0⅜	12.19
Japan Air Lines 10⅞ 88	42	88¼	88¾	-1⅛	-1¼	12.61
Japan Air Lines 11 93	75	91½	92	-0⅜	-1⅛	12.49
Levi Strauss Int 11 90	75	93¾	94¼	-0⅜	-1⅜	12.33
L.I.C.B. 10¾ 90	100	89½	90	-0⅜	-1¼	13.08
Merrill Lynch 10⅝ 90	200	91⅞	92⅜	-0⅜	-1⅛	12.39
Midland Int Fin 11½ 92	150	93⅜	93⅞	-0¼	-0½	12.68
Mitsubishi Corp 10½ 90	100	89¼	89¾	-0½	-1⅝	12.90
Mitsubishi Fin 11⅜ 90	100	92¾	93¼	0	-1¼	12.96
Nippon Credit 11 90	100	91	91½	-0½	-1	13.00
Nippon Credit 11¼ 93	100	91⅛	91⅝	+0⅛	-0¾	12.84
O.K.B. 10 91	100	86⅜	86⅞	-0⅛	-1	12.81
Ontario Hydro 10¼ 90	250	90⅜	90⅞	-0¼	-1⅛	12.35
Ontario Hydro 11¾ 88	200	96¾	97¼	-0¼	-0⅞	11.88
Ontario Hydro 12¾ 92	200	100¼	100¾	-0½	-1⅜	12.53
Prudential O/S 10⅝ 93	100	92⅞	93⅜	-0¼	-0¾	11.83
Prudential O/S 12¾ 87	150	101⅝	102⅛	-0⅛	-0¼	12.12
Quebec Hydro 11½ 92 D	100	96¾	97¼	-0⅛	-0¼	12.03
Saskatchewan Pr 10¾ 90	125	92½	93	-0⅜	-1⅛	12.39
S.N.C.F. 11½ 93	100	93⅜	93⅞	+0⅛	-0¼	12.65
Sth Cal Edison 10½ 90	75	93¾	94¼	-0⅛	-0⅜	11.79
Sumitomo Fin 10⅞ 90	100	90⅛	90⅝	-0⅜	-1⅛	13.07
Swiss Bk Corp 10¼ 90	125	95⅝	96⅛	-0¼	-0⅝	11.15
Texaco Capital 9¾ 90	150	90¼	90¾	-0⅜	-0⅞	11.88
U.B.S. 10 88	100	97	97½	+0⅛	-0¾	10.74
U.B.S. 11 89	150	99½	100	-0⅜	-1⅛	11.83
Westpac Int Fin 11 90	100†	92½	93½	+0¼	0	2.12
World Bank 10⅞ 88	150	93¾	94¼	-0⅛	-0½	12.89
World Bank 10⅞ 93	100	91	91½	-0⅛	-0⅞	12.46
World Bank 11⅛ 88	100	92¼	92¾	-0¼	-1	12.23

Av. price changes: on day -0⅛, on week -0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	97⅞	98⅜	-0⅛	+0⅛	7.57
A.N.A.S. 8¼ 88	100	98¾	99½	-0⅛	+0½	8.47
Austria, Rep 7⅝ 88	100	98½	99¼	-0⅛	+0¾	7.86
Austria, Rep 8 93	100	98½	99¼	-0⅛	+0½	8.17
D.F.C.E. 8¼ 90	150	99⅛	99⅞	+0⅛	+0⅝	8.34
COMP Tel Nac Esp 8¼ 93	100	93	93¾	-0⅞	+1	9.61
Deutsche Bank 3¾ 91 WW	240	106⅝	107⅜	-1⅛	-0⅞	2.74
Deutsche Bank 3¾ 91 XW	240	79¼	80	-0⅛	0	7.27
Dresdner Finance 4 90 WW	250	106½	107	-1¼	-0½	2.90
Dresdner Finance 4 90 XW	250	80⅞	81⅝	-0¼	+0¼	7.59
E.E.C. 8⅛ 93	250	99⅞	100⅝	-0⅜	-0⅞	8.21
Escom 8½ 90	150	99⅜	99⅞	-0½	-0½	8.56
Eurofima 7½ 90	100	98	98½	-	-	7.83
Eurofima 7½ 91	100	97⅛	97⅞	-2	-1¾	7.96
Ferrovie Dello 8¾ 88	150	102⅛	102⅞	+0¼	+0⅝	8.05
Finland Rep 7½ 88	150	98⅝	99⅜	0	+0⅝	7.75
Japan Dev Bank 7½ 90	100	97	97¾	-	-	8.00
Int-Am Dev Bk 7¾ 93	200	94¾	95½	-0¼	-0¼	8.50
Ireland 8½ 90	150	99½	100¼	+0⅛	+0¼	8.51
Kobe City 7 93	120	94⅞	95⅝	0	+0¼	7.76
Mount Isa Fin 7⅝ 90	100	98¼	99	+0¼	+0⅜	7.89
Renault Acceptance 8 90	150	96	96¾	0	-0½	8.72
S.D.F. France 7⅞ 93	100	96	96¾	-0⅛	0	8.43
STH African Tran 8¼ 90	100	98⅜	98⅞	-0⅜	0	8.51
Volkswagen Int 7¾ 93	200	96⅛	96⅝	0	0	7.79
World Bank 7½ 93	300	94⅞	95⅝	-0⅜	0	8.24

Av. price changes: on day -0⅜, on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	98⅛	98½	+0⅛	-0⅛	5.84
Bergen, City Of 5¾ 95	40	99½	99¾	-	-	5.79
BTR Finance 5⅝ 93	75	97	97¼	-0½	-1½	6.02
Carls-Tuborg Brw 5¾ 93	60	101	101¼	0	-0½	5.59
Chujitsuya Co 5⅞ 93	50	96	96¼	-0⅛	-0½	6.42
Denmark 6⅜ 91	100	101½	101¾	-0¼	-0½	6.11
E.D.C. 5⅜ 91	100	99	99½	+0⅜	+0¼	5.49
E.I.B. 5¾ 93	100	100	100½	+0⅛	-0⅛	5.71
Ex-Im Bk Japan 5⅝ 91	100	98	98½	-0½	+0⅛	5.91
Ind Fund Finland 6¼ 91	40	100⅛	100⅜	-	-	6.21
Int-Am Dev Bk 6⅛ 93	180	100½	100¾	-0¼	-0¼	6.04
Japan Dev Bank 5½ 93	100	98⅜	98⅝	-0⅛	+0⅛	5.70
Kansai Elec Power 6 91	100	101½	101¾	-0⅜	-0½	5.73
Kawasaki Steel 6⅛ 91	100	101	101¼	-	-	5.94
Montreal Urban 5¾ 93	100	99⅛	99⅜	-0⅜	-0⅜	5.85
Mount Isa Finance 6 93	100	101	101¼	-	-	5.85
Nisshin Steel 6¼ 91	100	99¾	100	-	-	6.27
Norsk Hydro 5½ 88	100	96½	96¾	-0½	0	5.85
Oester Braukraft 6 93	100	102½	102¾	+0⅛	-0½	5.64
Oesterr Post 6⅛ 91	100	102½	102¾	0	+0⅛	5.78
Quebec Hydro 5½ 93	100	101	101¼	+0⅛	+0¾	5.35
Seibu House 6 93	100	101½	101¾	+0⅛	+0½	5.77
Sumitomo Metal Ind 6 91	100	100½	100¾	+0⅛	-0¼	5.89
Tohoku Elec Power 6 93	100	100½	100¾	+0½	+0¼	5.91
Trizec Corp 6¼ 91	100	103	103¼	+0¼	+0½	5.73
World Bank 5⅝ 93	100	97¾	98	-0⅛	-0½	5.91

Av. price changes: on day 0, on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	103¾	104½	+0⅛	+0⅛	7.97
E.I.B. 8¼ 92	15	101¾	102½	-0⅛	+0⅛	7.96
Japan Airlines 7⅞ 87	8†	101¾	102½	-0⅜	-0⅜	7.15
New Zealand 7⅝ 89	15	101⅜	102⅛	+0⅛	+0⅛	7.25
World Bank 8⅛ 92	20	103	103½	0	-0⅜	7.83

Av. price changes: on day 0, on week -⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col 11¾ 93 CS	25	93½	94	+3¼	-0⅛	12.89
Can Pac Secs 11⅞ 90CS	75	98½	99	+0½	+0¼	12.13
Chanl France 11⅞ 95 CS	40	93¼	93¾	-0¼	-1	12.96
Interprov Pipe 12¼ 93 CS	50	95¼	95¾	-0⅜	-0⅞	13.07
Montreal 12⅛ 91 CS	50	99⅛	100⅛	+0½	+0⅜	[illegible]
Mont Trans 12½ 90 CS	20	97½	98½	0	-0¼	12.83
Pancanadian 12½ 93 CS	50	96½	97	0	-1⅛	13.08
Credit Nat 12¼ 93 ECU	50	102½	103¼	+0⅛	+0⅛	11.71
Forsmarks 11½ 88 ECU	40	101¾	102½	0	0	11.19
Consol Foods 7¼ 88 Fl	100	95⅛	95¾	-0½	-1	8.44
Elect Supply 8¼ FL	75	95⅞	96⅜	-0⅛	0	9.78
Nederland Gas 7½ 88 Fl	100	97¾	98¼	-0⅜	-1	8.02
Philips Lamps 7¼ 88 Fl	100	97⅝	98⅛	-0⅛	-0¾	7.88
Swed Exp Cred 7¾ 88 FL	100	95	95½	-0⅛	-0¼	9.03
World Bank 7 88 Fl	150	93⅞	94⅜	-0⅛	-1⅛	8.62
O.K.B. 14 86 FF	400	100⅝	101⅛	-0⅛	0	13.34
Solvay & Cie 14¼ 86 FF	200	101⅛	102⅛	-0⅛	-0⅜	13.85
B.F.C.E. 11½ 88 £	50	95⅞	96⅝	-0⅛	-0½	12.56
British Oxyg 11¾ 91	50	98⅝	99⅛	+0⅛	+0⅛	11.98
CEPME 11¼ 85 £ †	30	98½	98½	-0½	+3⅛	11.49
C.N.T. 12½ 89 £	20	100	101	+0¼	-0⅛	12.35
E.E.C. 11⅞ 91 £	50	98⅞	99⅝	-0⅛	-0⅜	12.08
Fin For Ind 10½ 90 £	20	96¼	97	+0¼	0	11.22
Fin For Ind 12⅛ 88 £	30	102⅜	103⅜	-0⅛	-0⅞	11.46
Fin Mat Oranj 12⅝ 92 £	30	101¼	102¼	-0⅜	-1⅛	12.38
Gen Elec Co 12½ 89 £	50	102⅞	104⅛	+0⅛	-0⅜	11.96
Mort Bk Fin 11¾ 89 £	15	96⅝	97⅝	-0⅛	-0¼	12.48
Norsk Hydro 12 90 £	30	99⅜	100⅜	0	-0⅜	11.99
Quebec 14½ 89 £	30	106½	107½	+0½	-0½	12.85
S.N.C.F. 11½ 89 £	30	95⅞	96⅞	+0⅛	-0¼	12.34
Swed Exp Cred 11¼ 88 £	30	95⅞	96⅝	-	-	12.38
Tenneco Int 14¾ 87 £ †	30	107	108	+1	+0⅛	12.28
World Bank 11¾ 91 £	75	98½	98⅞	-0⅜	-1	11.66
Euratom 11 93 LuxFr	500	105¼	106¼	+0⅛	-0⅜	10.01
Europarat 10¾ 93 LuxFr	600	102⅝	103⅝	0	0	10.21

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.F.C.E. 5¼ 87	0¼	99¼	99¾	27/7	9.94	9.99
B.F.C.E. 5¼ 88	0⅛	99	99¼	20/7	9¼	9.33
Caisse Nat Tele 5¼ 90	0¼	98⅞	99⅜	21/10	9.56	9.65
C.C.F. 5¼ 95	0¼	98⅞	99½	7/10	10.19	10.29
C.C.F. 5¼ 98	0¼	99½	99¾	24/8	9.94	9.97
Cepme 5¼ 88 WW	0¼	99¼	99¾	3/9	10	10.05
Cepme 5¼ 92	0⅛	98¼	99½	10/12	10½	10.57
Chemical NY 5¼ 94 ††	0¼	100¼	100½	23/9	10.82	10.78
C.N.C.A. 5¼ 85 XW	0¼	98⅝	98⅞	7/12	10	10.13
C.N.T. 5¼ 91	0¼	98⅝	98⅞	6/11	9¼	9.38
Credit Agricole 5¼ 97	0¼	98⅞	99¼	24/9	10	10.10
Credit Lyonnais 5¼ 94	0¼	98¾	99¼	5/7	9¾	9.85
Credit Lyonnais 5¼ 97 †	0¼	98¾	99	1/10	10.06	10.18
Credit Nat 5¼ 94	0¼	98⅝	99⅛	9/9	9¼	9.36
E.D.F. 5¼ 95 XW	0¼	99⅛	99⅜	10/8	10	10.08
E.E.C. 5 90	0⅛	99½	99¾	5/7	6	6.04
Kansallis Osake 5½ 92	0¼	99¾	100	8/11	9⅛	9.14
Long Term Cred 5¼ 92	0⅛	99⅝	99⅞	27/11	9¾	9.77
J.P. Morgan 5¼ 97 S	0¼	100¼	100½	12/8	9	8.97
New Zealand 5¼ 87	0⅛	99⅞	100⅛	7/10	10.06	10.06
NZ Steel Dev 5¼ 92	0¼	99¾	100	22/12	10¼	10.26
Nippon Credit 5¼ 90	0⅛	100	100¼	10/8	9⅞	9.86
Soc Generale 5¼ 90 XW	0¼	99½	99⅞	9/11	9⅛	9.19
Société Générale 5¼ 95	0⅛	98¾	99¼	1/9	9½	9.60
Sweden 5¼ 88	0¼	99⅝	99⅞	26/8	9⅝	9.65
Sweden 5¼ 93	0⅛	99½	99¾	3/8	10.19	10.23

Av. price changes: on day -0⅛, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	108⅞	109⅞	-0½	6.47
Canon 7 97	7/82	748.2	206¾	208⅝	-3	13.27
Hitachi Cable 5¼ 96	2/82	515	111	112½	+1	5.05
Honda Motor 5¼ 98	6/83	804	97¾	98¾	+0½	3.91
Honda Motor 5½ 97	3/82	759.8	110⅛	111⅜	-0⅜	8.56
Kawasaki 5⅜ 98	9/81	229	77¼	79	-0⅛	19.02
Kumagai Gumi 6½ 97	10/82	400	112¾	114¼	-0⅞	2.37
Kyowa Hakko 6⅛ 97	2/83	762	110¼	111½	+0½	15.81
Minebea Co Ltd. 5½ 98	5/83	667	118⅛	119⅛	+0⅜	-0.79
Mitsubishi Electric 5¼ 98	6/83	396	101	102	+0⅜	4.69
Nippon Electric 5¼ 97	2/82	765.9	173⅝	175⅛	0	4.92
Nippon Oil Co 5½ 98	4/83	984	95⅜	96⅜	-0⅜	7.18
Nissan Motor 5⅜ 98	4/83	770	88⅝	89⅝	-0¼	-1.06
Olympus Optical 6¾ 97	12/82	1331	96	97¼	0	13.62
Orient Finance 5¼ 97	3/82	927.2	94¾	96	-2	2.56
Orient Leasing 5¼ 98	8/83	2680	91½	92½	-0⅞	0.37
Secom 5 98	11/83	2928	118⅞	120⅝	+2½	-0.23
Sumitomo Electric 5½ 97	3/82	577.3	106¾	108	-0¼	5.34
Sumitomo Metal 5¼ 96	10/81	296.1	67⅝	68⅞	-0⅛	39.56
Yamaichi Sec Co 5 98	8/83	472	91	92	-0¼	-1.96
NEC Corp 3½ 93 SF	6/83	978	144¾	146¼	+2¼	0.03
Sanyo Electric 3½ 93 SF	6/83	501	107¼	109¼	-0¼	14.10
Konishiroku 6¾ 88 DM	6/82	616	112⅝	113⅝	-0⅛	3.86
Mitsubishi Heavy 6 89 DM	2/82	263	103¾	104¾	-0¼	10.81
Sum Realty 6¼ 92 DM	2/83	365	120½	121½	+0⅜	-3.52

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cc. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.